

# FIA FORMULA E FINANCIAL REGULATIONS FOR FORMULA E MANUFACTURERS

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## 1. INTRODUCTION

### Scope

- 1.1 These FE Manufacturer Financial Regulations come into force on 1 October 2022. They form part of the terms and conditions on which FE Manufacturers supply FE Cars for use in editions of the FIA Formula E World Championship (the "**Championship**") taking place after that date.
- 1.2 Each FE Manufacturer that registers with the FIA pursuant to the FIA Registration Procedure for Car Manufacturers in the FIA Formula E World Championship ("**FIA Registration Procedure**"), and each Relevant Person agrees to be bound by and undertakes to comply with these FE Manufacturer Financial Regulations, and acknowledges the sanctions set out below that may be applied in case of failure to comply.
- 1.3 From the Reporting Period starting on 1 October 2024 onwards, irrespective of when the FE Manufacturer registers with the FIA, the FE Manufacturer must also comply with these FE Manufacturer Financial Regulations in respect of the two Reporting Periods preceding the first edition of the Championship in which an FE Car that it has supplied is used.

### Objectives

- 1.4 Together with the FE Team Financial Regulations and the requirements set out in the FIA Registration Procedure, these FE Manufacturer Financial Regulations are intended:
- (a) to promote an environment to retain and attract the involvement of FE Teams and FE Manufacturers in the Championship;
  - (b) to provide greater certainty over the level of financial investment required for participation and success in the Championship;
  - (c) to promote the long-term financial stability and sustainability of FE Teams and FE Manufacturers;
  - (d) to promote the unique technology and engineering platform for electrical powertrain development;
  - (e) to promote the competitive balance of the Championship; and
  - (f) to promote the sporting fairness of the Championship.
- 1.5 These FE Manufacturer Financial Regulations seek to promote the objectives set out at Article 1.4 by introducing a Cost Cap on the amount of certain costs that an FE Manufacturer may incur (directly or via a related entity) in any Assessment Period in relation to the supply of FE Cars to FE Teams, while leaving that FE Manufacturer free to decide how to allocate resources within that Cost Cap. They will be interpreted by the Cost Cap Administration, the Cost Cap Adjudication Panel, and the ICA in a consistent manner that treats all FE Teams and FE Manufacturers equally and that is designed to further those objectives.
- 1.6 The requirements of these FE Manufacturer Financial Regulations and the requirements of the FE Team Financial Regulations are distinct from and independent of each other, and the two sets of regulations will operate and be applied accordingly. Where an FE Team is also an FE Manufacturer, it must comply separately with both sets of regulations, including complying with both sets of reporting requirements and demonstrating compliance with both Cost Caps.

## General

- 1.7 The definitive version of these FE Manufacturer Financial Regulations is the English version, which will be used should any dispute arise as to their interpretation. Defined words and phrases in these FE Manufacturer Financial Regulations (denoted by initial capital letters) have the meaning given to them in the Appendix hereto. Unless otherwise specified, references to "Articles" are to Articles of these FE Manufacturer Financial Regulations; the word "may" means "in the sole and absolute discretion" of the person or entity in question; and any phrase introduced by the terms "including", "include", "in particular", "for example", "such as", or any similar expression, is illustrative only, and is not to be construed as limiting the sense of the words preceding those terms.
- 1.8 If a court or other competent authority rules any part of these FE Manufacturer Financial Regulations to be illegal, invalid, or unenforceable, that part will be deemed excised from these FE Manufacturer Financial Regulations, and the legality, validity, and enforceability of the remainder of these FE Manufacturer Financial Regulations will not be affected.
- 1.9 The FIA World Motor Sport Council may amend or supplement these FE Manufacturer Financial Regulations from time to time as it sees fit. The Cost Cap Administration will review these FE Manufacturer Financial Regulations periodically and may propose amendments or supplementary provisions to the FIA World Motor Sport Council as necessary.
- 1.10 Any information (including personal data) received by the Cost Cap Administration, Cost Cap Adjudication Panel, and/or the ICA pursuant to these FE Manufacturer Financial Regulations may be shared between those bodies as necessary in the exercise of their regulatory functions under these FE Manufacturer Financial Regulations.

## 2. OBLIGATIONS OF FE MANUFACTURERS

- 2.1 In addition to its obligations under Article 4.1 to comply with the Cost Cap, each FE Manufacturer must, at its own cost:
- (a) submit the required Reporting Documentation to the Cost Cap Administration by the Reporting Deadline in respect of each Reporting Period, in accordance with Article 7;
  - (b) ensure that any Reporting Documentation and other documentation or information submitted on its behalf to the Cost Cap Administration pursuant to this Article 2.1 is accurate, complete, not misleading, and compliant with the requirements of these FE Manufacturer Financial Regulations;
  - (c) provide (and must procure that its Personnel provide) access to such information and/or documentation as the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA may require from time to time (i) to monitor compliance with these FE Manufacturer Financial Regulations (Cost Cap Administration only); and/or (ii) to assess any actual, potential, or suspected non-compliance with these FE Manufacturer Financial Regulations (Cost Cap Administration, Cost Cap Adjudication Panel, and/or ICA);
  - (d) procure that the other members of its Reporting Perimeter and its Legal Group and their respective Personnel provide access to such information and/or documentation as the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA may require from time to time (i) to monitor compliance with these FE Manufacturer Financial Regulations (Cost Cap Administration only); and/or (ii) to assess any actual,

potential, or suspected non-compliance with these FE Manufacturer Financial Regulations (Cost Cap Administration, Cost Cap Adjudication Panel, and/or ICA);

- (e) submit information or documentation (i) required by the Cost Cap Administration in a Determination by the deadline specified in that Determination; and/or (ii) requested in writing by or on behalf of the Cost Cap Administration by the deadline specified in such request;
- (f) retain and make available its accounting books and records in respect of the previous six Reporting Periods in a manner that enables the Cost Cap Administration, any Independent Audit Firm appointed by the Cost Cap Administration, the Cost Cap Adjudication Panel, and the ICA to understand the content of the Reporting Documentation submitted on behalf of the FE Manufacturer in any such period, and procure that the other members of its Reporting Perimeter and its Legal Group do the same;
- (g) cooperate fully and in a timely manner with the Cost Cap Administration in the exercise of its regulatory functions, including cooperating with any investigation conducted by or on behalf of the Cost Cap Administration in accordance with Article 8.14;
- (h) ensure that:
  - (i) all of its Personnel are made aware of the content of these FE Manufacturer Financial Regulations, including all of the requirements that they impose on the FE Manufacturer and/or on its Personnel;
  - (ii) all of its Personnel are appropriately informed and trained with respect to the ways in which their actions might impact the FE Manufacturer's compliance with these FE Manufacturer Financial Regulations; and
  - (iii) the FIA ethics and compliance policy in force from time to time with respect to these FE Manufacturer Financial Regulations is clearly communicated to all of its Personnel;
- (i) comply with any other obligations imposed on it in these FE Manufacturer Financial Regulations; and
- (j) perform all of its obligations under these FE Manufacturer Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.

2.2 The FE Manufacturer is strictly liable for any non-compliance with these FE Manufacturer Financial Regulations resulting from the actions of others, including any person acting on its behalf (including its Personnel and Relevant Persons) and any person acting on behalf of any member of its Reporting Perimeter, Legal Group, and/or Ultimate Controlling Party (including their respective Personnel).

### **3. OBLIGATIONS OF RELEVANT PERSONS AND PERSONS SIGNING DECLARATIONS ON BEHALF OF THE FE MANUFACTURER**

3.1 Reporting Documentation submitted by or on behalf of an FE Manufacturer must be accompanied by declarations in the format prescribed by the Cost Cap Administration from

time to time in a Determination ("**Declarations**"), in accordance with Article 7.1(e). Such Declarations must be:

- (a) signed by an authorised signatory for and on behalf of the FE Manufacturer, and separately by each Relevant Person in his/her individual capacity, to confirm in each case that:
  - (i) the Reporting Documentation that the Declarations accompany is complete, accurate, not misleading, and compliant with the requirements of these FE Manufacturer Financial Regulations; and
  - (ii) the FE Manufacturer has complied with the requirements of Article 2.1(h); and
- (b) signed by an authorised signatory for and on behalf of the FE Manufacturer's Ultimate Controlling Party to confirm that the Reporting Perimeter Documentation is complete, accurate, not misleading, and compliant with the requirements of these FE Manufacturer Financial Regulations.

3.2 Each Relevant Person must:

- (a) not sign a Declaration that they are aware, or ought reasonably to be aware, is untrue in any material respect;
- (b) cooperate fully and in a timely manner with the Cost Cap Administration in the exercise of its regulatory functions, including with any investigation conducted by or on behalf of the Cost Cap Administration in accordance with Article 8.14;
- (c) provide accurately and completely, by the deadline specified by the Cost Cap Administration, any information and documentation that the Cost Cap Administration may require from time to time to monitor compliance and/or to assess any actual, potential, or suspected non-compliance with these FE Manufacturer Financial Regulations; and
- (d) perform all of their respective obligations under these FE Manufacturer Financial Regulations in Good Faith, acting at all times with honesty and integrity, and in a spirit of transparency and cooperation.

3.3 The FE Manufacturer is bound by, and responsible for, any Declaration signed on its behalf or on behalf of its Ultimate Controlling Party.

## 4. THE COST CAP

### Relevant Costs

4.1 An FE Manufacturer must:

- (a) determine and report its Relevant Costs for each Reporting Period in its Presentation Currency in accordance with Articles 4-7; and
- (b) not incur (either directly or via another entity) Relevant Costs that in aggregate exceed the Cost Cap in the applicable Assessment Period.

4.2 For these purposes:

- (a) The "**Cost Cap**" is EUR 25,000,000 (twenty-five million euros), adjusted for Indexation.
- (b) Where an FE Manufacturer has a Presentation Currency other than Euros, amounts expressed in Euros in these FE Manufacturer Financial Regulations must be converted into the FE Manufacturer's Presentation Currency using the Initial Applicable Rate.

### Reporting Perimeter

4.3 An FE Manufacturer's "**Reporting Perimeter**" consists of the following entities (each a "**Reporting Perimeter Entity**" and together the "**Reporting Perimeter Entities**"):

- (a) the FE Manufacturer itself;
- (b) any other entities within the FE Manufacturer's Legal Group that incur Reported Costs of Regulated Activities in the Reporting Period in question; and
- (c) If the FE Manufacturer so chooses, the FE Manufacturer Technical Partner(s), in which case:
  - (i) the reference to the FE Manufacturer's Legal Group in Article 4.3(b) must be extended to include the Legal Group of the FE Manufacturer Technical Partner(s); and
  - (ii) the FE Manufacturer must include the FE Manufacturer Technical Partner(s) in its Reporting Period in subsequent Reporting Periods, unless the Cost Cap Administration approves otherwise.

4.4 An FE Manufacturer should seek clarification from the Cost Cap Administration if it is uncertain whether an entity should be included in its Reporting Perimeter.

## 5. EXCLUSIONS

5.1 In calculating Relevant Costs, the following costs and amounts within Reported Costs of Regulated Activities of the Reporting Perimeter may be excluded ("**Excluded Costs**"):

- (a) if the FE Manufacturer can prove to the satisfaction of the Cost Cap Administration that an identifiable portion of the following costs relates to Non-Regulated Activities, that portion of those costs may be excluded:
  - (i) the costs of Consideration provided to any Personnel involved in both Regulated Activities and Non-Regulated Activities; and
  - (ii) the costs of licences in respect of software and patents for both Regulated Activities and Non-Regulated Activities;
- (b) in respect of an FE Car supplied to an Additional Team:
  - (i) all Reported Costs that are Directly Attributable to Manufacture Activities and/or Mandatory Services in respect of the Additional Team; and
  - (ii) if the FE Manufacturer can prove to the satisfaction of the Cost Cap Administration that an identifiable portion of the costs of Consideration provided to any Personnel relates to Manufacture Activities and/or Mandatory

Services in respect of the Additional Team, that portion of those costs may be excluded; and

- (c) all costs in respect of Spare Components supplied to the Primary Team in the Reporting Period.

## 6. ADJUSTMENTS

6.1 The following Adjustments must be made to Reported Costs of Regulated Activities of the Reporting Perimeter in order to calculate Relevant Costs:

- (a) an upward Adjustment as necessary to reflect a Related Party Transaction, Exchange Transaction, or FE Manufacturer and/or FE Team Transaction at not less than Fair Value;
- (b) an Adjustment pursuant to Article 6.3 to reflect costs of Inventories;
- (c) an Adjustment to include Research and Development costs in respect of Regulated Activities (including any capitalised costs) as Relevant Costs in the Reporting Period in which they are incurred; and
- (d) an Adjustment to ensure that any Reported Costs of Regulated Activities incurred by a Reporting Perimeter Entity that are not recognised within the Reported Costs of Regulated Activities of the Reporting Perimeter (i.e. they are unrecorded costs or losses) are recognised within Relevant Costs in the relevant Reporting Period if under applicable accounting standards they should have been recognised within profit or loss in the General Ledger during the relevant Reporting Period.

6.2 If a Reporting Perimeter Entity incurs a cost for a transaction in a currency other than the FE Manufacturer's Presentation Currency, the FE Manufacturer may make an Adjustment to reflect the difference between (i) such cost converted into the FE Manufacturer's Presentation Currency using the Applicable Rate; and (ii) the value at which those costs were recorded on initial recognition within the Reported Costs of Regulated Activities of the Reporting Perimeter. If an FE Manufacturer chooses to make such an Adjustment, it must be made for all costs within the Reported Costs of Regulated Activities of the Reporting Perimeter that have been transacted in currencies other than the FE Manufacturer's Presentation Currency unless any such costs have otherwise been excluded from Reported Costs of Regulated Activities of the Reporting Perimeter pursuant to Article 5.

### Inventories

6.3 Inventories:

- (a) For purposes of this Article 6.3, the cost of an item of Inventories must comprise:
  - (i) all costs of purchase, if applicable, determined on the same basis as that used by the FE Manufacturer in its Annual Financial Statements in respect of the previous Reporting Period;
  - (ii) costs of conversion (including fixed production overheads allocated on a basis that is appropriate to the nature of the product and method of production and on the basis of the entity's normal level of activity, and applied consistently from one Reporting Period to another); and

- (iii) other costs incurred in bringing the item of Inventories to its present location and condition.
- (b) Costs of Components of an FE Car must be included in Relevant Costs as follows:
- (i) costs of Initial Components must be included in Relevant Costs in the Assessment Period prior to the Assessment Period in which they will be first used by the FE Team in a Competition;
  - (ii) costs of Manufacturer's Perimeter Spare Components used in respect of Regulated Activities must be included in Relevant Costs in the Reporting Period in which they are first used;
  - (iii) costs of Non-Manufacturer's Perimeter Spare Components must be included in Relevant Costs in the Reporting Period in which they are supplied to a Reporting Perimeter Entity or an FE Manufacturer Technical Partner; and
  - (iv) costs of Initial Components that have been directly supplied to the Primary Team by FIA Single Suppliers must be included in Relevant Costs at the amount equal to the applicable maximum price set out in the FIA Registration Procedure pursuant to the requirements of part (i).
- (c) Costs of Inventories that are not Components of an FE Car must be included as follows:
- (i) at not less than Fair Value; and
  - (ii) in the Reporting Period in which the item of Inventories is first used in respect of Regulated Activities.

## 7. REPORTING REQUIREMENTS

### Reporting Documentation

- 7.1 By the Reporting Deadline, an FE Manufacturer must submit the following documents to the Cost Cap Administration in respect of the Reporting Period ending on 30 September (the "**Reporting Documentation**"):
- (a) documentation containing the following information (the "**Reporting Perimeter Documentation**"):
    - (i) details of the Legal Group of the Reporting Perimeter Entities;
    - (ii) details of each Reporting Perimeter Entity for that FE Manufacturer for the applicable Reporting Period; and
    - (iii) confirmation that no other entity incurred Reported Costs of Regulated Activities in the Reporting Period in question in accordance with Article 4.3;
  - (b) documentation setting out the calculation of Relevant Costs for the Reporting Period, disclosing the Reported Costs of Regulated Activities of the Reporting Perimeter; and specifying any Excluded Costs and Adjustments (the "**Financial Reporting Documentation**");



- (c) documentation setting out the costs per FE Team incurred by the FE Manufacturer or any other entity within its Legal Group or its FE Manufacturer Technical Partner(s) (if any) in respect of Mandatory Services and Additional Services;
  - (d) the Methodology Supporting Document; and
  - (e) the Declarations.
- 7.2 The required format of the Reporting Documentation and other documentation will be prescribed by the Cost Cap Administration from time to time in a Determination.
- 7.3 The Reported Costs of Regulated Activities of the Reporting Perimeter and Relevant Costs set out in the Financial Reporting Documentation must be derived from the General Ledger of the FE Manufacturer or other Reporting Perimeter Entity, and the Excluded Costs and Adjustments included in the calculation of Relevant Costs must be set out clearly with adequate supporting explanation.

## 8. THE COST CAP ADMINISTRATION

### General

- 8.1 The Cost Cap Administration is responsible for administering these FE Manufacturer Financial Regulations, including exercising the powers and carrying out the functions set out in this Article 8. It will monitor compliance with these FE Manufacturer Financial Regulations, investigate instances of suspected non-compliance, and take appropriate enforcement action in respect of any actual non-compliance. It may engage third parties (e.g. an Independent Audit Firm) to assist it in carrying out such functions in particular cases, including reviewing Reporting Documentation, undertaking a comparative financial analysis of the Reporting Documentation to help identify potential anomalies, and conducting (or assisting with) investigations.
- 8.2 The Cost Cap Administration will have appropriate procedures in place to maintain the confidentiality of any Confidential Information provided to it by an FE Manufacturer and/or a Relevant Person.
- 8.3 All correspondence sent and Reporting Documentation and other information submitted by or on behalf of the FE Manufacturer and/or a Relevant Person to the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA must be in one of the two FIA official languages (English or French), but the Reporting Documentation submitted by or on behalf of the FE Manufacturer to the Cost Cap Administration, the Cost Cap Adjudication Panel and/or the ICA must be in English, or else the FE Manufacturer and/or Relevant Person must provide a certified translation of the document(s) in question into English or French at their own expense.

### Determinations and guidance

- 8.4 When the Cost Cap Administration issues an official written communication to all of the FE Manufacturers that is expressed to be a "**Determination**", its contents will be binding on the FE Manufacturers. The Cost Cap Administration may only issue a Determination that is expressly provided for in these FE Manufacturer Financial Regulations.
- 8.5 The Cost Cap Administration may issue guidance notes from time to time to assist FE Manufacturers in complying with these FE Manufacturer Financial Regulations. In addition,

the FE Finance Director of an FE Manufacturer may submit a written request to the Cost Cap Administration to clarify the operation or interpretation of these FE Manufacturer Financial Regulations. The Cost Cap Administration will respond in writing to any such request and will make available to the FE Finance Directors of all other FE Manufacturers a summary of the written request along with the response, without disclosing any Confidential Information. Such guidance notes and clarifications will be advisory only and will not constitute part of these FE Manufacturer Financial Regulations. The Cost Cap Adjudication Panel and ultimately the ICA have final authority in determining the proper interpretation and application of these FE Manufacturer Financial Regulations.

### **Ongoing Compliance monitoring**

- 8.6 The Cost Cap Administration may require an FE Manufacturer to provide (and/or to procure that its Personnel and/or the other members of its Reporting Perimeter and/or its Legal Group, and/or their respective Personnel) access to such information and/or documentation, premises, and/or individuals as the Cost Cap Administration may require to assist it in respect of matters including:
- (a) reviewing the controls being applied by the FE Manufacturer to ensure its compliance with these FE Manufacturer Financial Regulations;
  - (b) reviewing any Related Party Transactions, Exchange Transactions, and/or FE Manufacturer and/or FE Team Transactions;
  - (c) reviewing agreements between the FE Manufacturer and FE Teams in respect of the supply of an FE Car and, if applicable, agreements with any significant third party suppliers;
  - (d) identifying any part of these FE Manufacturer Financial Regulations that might require clarification; and/or
  - (e) mitigating the risk of an FE Manufacturer submitting incomplete, inaccurate, or misleading Reporting Documentation, including reviewing any relevant documentation in the context of the calculation of Relevant Costs for the Reporting Period.
- 8.7 Based on its ongoing compliance monitoring activities, the Cost Cap Administration may:
- (a) make further enquiries of and/or request additional information/documents from an FE Manufacturer and/or its Personnel (and/or any other members of its Reporting Perimeter and/or its Legal Group, and/or their respective Personnel) and/or undertake additional compliance monitoring activities in respect of that FE Manufacturer; and/or
  - (b) issue feedback to the relevant FE Manufacturer in order to aid its compliance with these FE Manufacturer Financial Regulations (such feedback will be advisory only and will not bind the FE Manufacturer, the Cost Cap Administration the Cost Cap Adjudication Panel, or the ICA).

### **Review of Reporting Documentation**

- 8.8 The Cost Cap Administration will review the Reporting Documentation submitted by an FE Manufacturer to identify any instances of non-compliance with these FE Manufacturer Financial Regulations.
- 8.9 The Cost Cap Administration may:
- (a) engage an Independent Audit Firm to assist in reviewing an FE Manufacturer's Reporting Documentation;
  - (b) review or have an Independent Audit Firm review the other documentation, information, and accounting books and records referred to in Article 2.1 to understand the content of the Reporting Documentation submitted on behalf of the FE Manufacturer; and/or
  - (c) escalate the matter to a formal investigation in accordance with Article 8.12 et seq.
- 8.10 Following the Cost Cap Administration's review of the Reporting Documentation, and completion of any related investigation pursuant to Article 8.12 et seq, if the Cost Cap Administration concludes that an FE Manufacturer and/or one or more Relevant Persons has not complied with these FE Manufacturer Financial Regulations, the Cost Cap Administration will either:
- (a) enter into an Accepted Breach Agreement ("ABA") with the FE Manufacturer and/or Relevant Person(s) concerned, pursuant to the terms of Articles 8.19 et seq or Articles 8.25 et seq (as applicable), if it sees fit to do so; or
  - (b) bring proceedings against the FE Manufacturer (and/or, where relevant, one or more Relevant Persons) for breach of these FE Manufacturer Financial Regulations and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with Article 9.
- 8.11 No one has a right of appeal against any decision made by the Cost Cap Administration pursuant to Article 8.10.

### **Investigations**

- 8.12 Based on information obtained from any source, the Cost Cap Administration may decide to open a formal investigation at any time into any actual, potential, or suspected non-compliance by an FE Manufacturer and/or Relevant Person(s) with these FE Manufacturer Financial Regulations. The Cost Cap Administration may be assisted in the investigation, if it chooses, by third party agents (such as an Independent Audit Firm and/or external legal advisors). The Cost Cap Administration will notify the FE Manufacturer in writing in the event that a formal investigation is to be conducted.
- 8.13 The Cost Cap Administration may make public at any time its decision to conduct an investigation and/or the outcome of the investigation, provided that it does not disclose any Confidential Information.
- 8.14 An FE Manufacturer must do the following, and must procure that the other members of its Reporting Perimeter and its Legal Group do the same:

- (a) cooperate fully and in a timely manner with any investigation by the Cost Cap Administration, and procure that all of their respective Personnel cooperate fully and in a timely manner with the investigation, including by responding accurately and completely to all requests for information, documentation, and other data;
- (b) grant or procure access to its information and/or documentation, premises, and/or Personnel, as requested by the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA, to assist them in assessing compliance with these FE Manufacturer Financial Regulations;
- (c) make the Electronic Devices of the FE Manufacturer and/or of its Personnel, and/or the Electronic Devices of any other members of its Reporting Perimeter and/or its Legal Group, and/or of their respective Personnel, available immediately for inspection and/or for copying/download of the data stored on or transmitted using such Electronic Devices (including data on any messaging services or platforms located on or used by the Electronic Devices and data stored on any cloud-based services used by the Electronic Devices), where so requested by the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA, to assist them in assessing compliance with these FE Manufacturer Financial Regulations;
- (d) procure access for the Cost Cap Administration, the Cost Cap Adjudication Panel, and/or the ICA to the data referenced in Article 8.14(c) including providing the user name, password, and/or any other information or means required to access and download the data stored in such services or platforms or otherwise on such Electronic Devices; and
- (e) not delay, impede, or frustrate any investigation or other regulatory activity conducted by or on behalf of the Cost Cap Administration pursuant to these FE Manufacturer Financial Regulations, or attempt to do so (e.g., by providing false, misleading, or incomplete information, or by destroying potential evidence).

Each FE Manufacturer waives and will procure that each of its Personnel waives, and that each member of its Reporting Perimeter and/or its Legal Group, and each of their respective Personnel, waives, any rights, defences, and/or privileges (however described or classified) that they might otherwise have under any applicable law to withhold production of an Electronic Device and/or related data.

Refusal to give the Cost Cap Administration access to the Electronic Device(s) may constitute a breach of these FE Manufacturer Financial Regulations by the FE Manufacturer (which is strictly liable for its Personnel) and/or Relevant Person (if it concerns their Electronic Device(s)). In assessing what sanction(s) should apply to an FE Manufacturer in such circumstances, consideration will be given to whether or not the FE Manufacturer took all appropriate measures, including legal action, to obtain access to the Electronic Device(s) in accordance with applicable laws.

The Cost Cap Administration will comply at all times with the applicable Standard Operating Procedure in relation to Electronic Devices and/or related data to which it is given access further to Article 8.14(c), in order to protect the privacy interests of those involved and to ensure that the procedures used by the Cost Cap Administration to extract, store, and use data and other information from Electronic Devices are fit for purpose and will ensure that the data are processed, stored, and used appropriately, proportionately, and lawfully.

#### 8.15 Immunity:

- (a) Whether as part of an investigation or otherwise, the Cost Cap Administration may grant partial or total immunity to any individual who discloses facts that are likely to constitute or to lead to the discovery of a breach of these FE Manufacturer Financial Regulations, and/or who provides evidence that enables such breach to be prosecuted and sanctioned. The degree of immunity granted to such person will depend in particular on (i) whether or not the Cost Cap Administration already had the information; (ii) the nature and extent of the person's cooperation; (iii) the importance of the case; (iv) the nature and extent of the breach in question; and (v) the past conduct of the person.
  - (b) Any grant of immunity must (i) be set out in writing; (ii) be signed by the Cost Cap Administration and by the person benefiting from the immunity; (iii) specify the nature and extent of the immunity granted; and (iv) set out the sanctions that the FIA will not impose against the person benefiting from the immunity.
  - (c) Any immunity granted by the Cost Cap Administration, whether partial or total, is subject to the following conditions (the "**Immunity Conditions**"), which will be deemed incorporated into the document granting immunity, whether or not expressly set out therein:
    - (i) cooperating with the Cost Cap Administration, telling the whole truth, refraining from destroying, falsifying, or concealing useful information or evidence, and acting in Good Faith at all times; and
    - (ii) providing the Cost Cap Administration with genuine and complete cooperation throughout the entire investigation, including providing testimony in accordance with any request and in any form required by the Cost Cap Administration, and replying to any questions of the Cost Cap Administration without delay.
  - (d) Where good reason exists, the person benefiting from immunity may be permitted by the Cost Control Adjudication Panel and/or the ICA to testify in a manner that safeguards their anonymity.
  - (e) Provided that the person benefiting from the immunity complies with the Immunity Conditions, the immunity granted by the Cost Cap Administration is irrevocable. In the event that the person benefiting from the immunity does not comply with the Immunity Conditions, the Cost Cap Administration may ask the Cost Cap Adjudication Panel or the ICA to revoke the immunity. The Cost Cap Adjudication Panel or the ICA will issue a written decision, setting out whether or not it will revoke immunity, with reasons. That decision is not subject to appeal by any party.
- 8.16 All data, documentation, and other information gathered by or on behalf of the Cost Cap Administration during an investigation, including data from Electronic Devices, will be kept confidential by the Cost Cap Administration, and will not be disclosed to any third party, save:
- (a) as necessary to further the investigation of and/or to bring proceedings relating to a breach of these FE Manufacturer Financial Regulations or of the International Sporting Code or of any other FIA regulations relating to the Championship; or
  - (b) as necessary to further an investigation or prosecution of non-sporting laws or regulations by other administrative, professional, or judicial authorities; or
  - (c) where such disclosure is required by applicable law.

- 8.17 Upon completion of an investigation, the Cost Cap Administration will conclude either:
- (a) that to the best of its knowledge the FE Manufacturer and/or the Relevant Person(s) in question has complied with these FE Manufacturer Financial Regulations, in which case no further action will be taken against the FE Manufacturer and/or the Relevant Person(s) in respect of the matters that were the subject of the investigation unless subsequent developments so warrant; or
  - (b) that the FE Manufacturer and/or the Relevant Person(s) in question has not complied with these FE Manufacturer Financial Regulations, in which case the Cost Cap Administration will either:
    - (i) enter into an ABA with the FE Manufacturer and/or Relevant Person(s) concerned, pursuant to the terms of Article 8.19 et seq or Article 8.25 et seq (as applicable), if it sees fit to do so; or
    - (ii) bring proceedings against the FE Manufacturer (and/or, where relevant, one or more Relevant Persons) for breach of these FE Manufacturer Financial Regulations, and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with Article 9.
- 8.18 No one has a right of appeal against any decision made by the Cost Cap Administration pursuant to Article 8.17.

#### **Accepted Breach Agreement – FE Manufacturers**

- 8.19 If the Cost Cap Administration determines that an FE Manufacturer has committed a Procedural Breach or a Minor Overspend Breach, the Cost Cap Administration may offer to enter into an ABA with the relevant FE Manufacturer. No one has a right of appeal in respect of a decision by the Cost Cap Administration as to whether or not to offer to enter into an ABA. The Cost Cap Administration may not enter into an ABA with an FE Manufacturer in respect of a Non-Submission Breach or a Material Overspend Breach.
- 8.20 An ABA may:
- (a) set out certain obligations or conditions to be fulfilled or satisfied by the relevant FE Manufacturer, either within a specified timeframe or on an ongoing basis;
  - (b) provide for enhanced monitoring procedures to be put in place in respect of the FE Manufacturer;
  - (c) impose any Financial Penalty or Minor Sporting Penalties that would be available to the Cost Cap Adjudication Panel in respect of the relevant type of breach, save that the Cost Cap Administration may not impose the Minor Sporting Penalties specified in Article 11.1(b)(ii), 11.1(b)(iii) and 11.1(b)(vi);
  - (d) suspend the application of any sanction (as determined in point (c) above), in whole or in part for a specified period of time or indefinitely, subject to compliance by the FE Manufacturer with specified conditions; and/or
  - (e) require the FE Manufacturer to bear the reasonable costs incurred by the Cost Cap Administration in connection with the investigation into the FE Manufacturer's compliance with these FE Manufacturer Financial Regulations and/or the preparation of the ABA.

- 8.21 The Cost Cap Administration may only enter into an ABA where the relevant FE Manufacturer:
- (a) acknowledges that it has breached these FE Manufacturer Financial Regulations and has provided full disclosure in respect of such breach(es);
  - (b) accepts the sanction(s) and/or enhanced monitoring procedures imposed;
  - (c) agrees to bear the costs detailed in the ABA; and
  - (d) waives its right to appeal or otherwise challenge the ABA.
- 8.22 If the offer of an ABA is accepted, the Cost Cap Administration will oversee the implementation of, and monitor compliance with, the terms of the ABA. If the FE Manufacturer fails to comply with any of the terms of the ABA, the Cost Cap Administration may bring proceedings against that FE Manufacturer for such non-compliance (which will be treated as a Procedural Breach) and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9.
- 8.23 The Cost Cap Administration will publish a summary of the terms of the ABA, detailing the breach(es), any sanctions, and any enhanced monitoring procedures, but not disclosing any Confidential Information.
- 8.24 Nothing in the ABA may be construed or will be deemed to vary or impact in any way the FE Manufacturer's ongoing obligation to comply in full with these FE Manufacturer Financial Regulations.

#### **Accepted Breach Agreement – Relevant Persons**

- 8.25 If the Cost Cap Administration determines that a Relevant Person has committed a breach of these FE Manufacturer Financial Regulations, the Cost Cap Administration may offer to enter into an ABA with the Relevant Person. No one has a right of appeal in respect of a decision by the Cost Cap Administration as to whether or not to offer to enter into an ABA.
- 8.26 An ABA may:
- (a) set out certain obligations or conditions to be fulfilled or satisfied by the Relevant Person, either within a specified timeframe or on an ongoing basis;
  - (b) impose any of the sanctions applicable to Relevant Persons under Article 12;
  - (c) suspend the application of any sanction (as determined in point (b) above), in whole or in part for a specified period of time or indefinitely, subject to compliance by the Relevant person with specified conditions; and/or
  - (d) require the Relevant Person to bear the reasonable costs incurred by the Cost Cap Administration in connection with the investigation into the Relevant Person's compliance with these FE Manufacturer Financial Regulations and/or the preparation of the ABA.
- 8.27 The Cost Cap Administration may only enter into an ABA where the Relevant Person:
- (a) acknowledges that they have breached these FE Manufacturer Financial Regulations and have provided full disclosure in respect of such breach(es);

- (b) accepts the sanction(s) imposed;
  - (c) agrees to bear the costs detailed in the ABA; and
  - (d) waives their right to appeal or otherwise challenge the ABA.
- 8.28 If the offer of an ABA is accepted, the Cost Cap Administration will oversee the implementation of, and monitor compliance with, the terms of the ABA. If the Relevant Person fails to comply with any of the terms of the ABA, the Cost Cap Administration may bring proceedings against that Relevant Person for such non-compliance (which will be treated as a breach of Article 3.2) and refer the case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9.
- 8.29 The Cost Cap Administration will publish a summary of the terms of the ABA, detailing the breach(es), any sanctions, and any enhanced monitoring procedures, but not disclosing any Confidential Information.
- 8.30 Nothing in the ABA may be construed or will be deemed to vary or impact in any way the Relevant Person's ongoing obligation to comply in full with these FE Manufacturer Financial Regulations.

#### **Referral to Cost Cap Adjudication Panel/limitation period**

- 8.31 The Cost Cap Administration will refer a case to the Cost Cap Adjudication Panel for hearing and determination in accordance with the provisions of Article 9 in the following circumstances:
- (a) where the Cost Cap Administration asserts that the FE Manufacturer has committed a Procedural Breach and/or a Minor Overspend Breach, and decides not to offer an ABA, or an ABA has been offered but not accepted;
  - (b) where the Cost Cap Administration asserts that the FE Manufacturer has committed a Non-Submission Breach or a Material Overspend Breach;
  - (c) where an FE Manufacturer has entered into an ABA but the Cost Cap Administration asserts that the FE Manufacturer has failed to comply with the terms of such ABA;
  - (d) where the Cost Cap Administration asserts that a Relevant Person has breached these FE Manufacturer Financial Regulations, and decides not to offer an ABA, or an ABA has been offered but not accepted; and/or
  - (e) where a Relevant Person has entered into an ABA but the Cost Cap Administration asserts that the Relevant Person has failed to comply with the terms of such ABA.
- 8.32 The referral is made by the Cost Cap Administration sending a formal notice to the Cost Cap Adjudication Panel, copied to the FE Manufacturer and/or Relevant Person(s) in question, specifying the breach(es) that they are asserted to have committed, setting out the facts on which that assertion is based, and setting out the consequences that the Cost Cap Administration considers should be imposed if such breach(es) are admitted or established to the satisfaction of the Cost Cap Adjudication Panel. The FE Manufacturer and/or Relevant Person(s) must respond to that notice by the deadline specified therein or ordered by the Cost Cap Adjudication Panel, specifying (a) to what extent they admit or deny the asserted breach(es); (b) to what extent they admit or deny the facts on which the assertion is based; and (c) any defences that they advance to the asserted breach(es), together with a summary



of the facts on which such defences are based. The response must be sent to the Cost Cap Adjudication Panel and copied to the Cost Cap Administration.

- 8.33 Any proceedings for breach of these FE Manufacturer Financial Regulations must be referred to the Cost Cap Adjudication Panel no more than five years after the later of:
- (a) the Reporting Deadline for the Reporting Period in which the breach is alleged to have occurred (and if the breach continued over a period of time, it will be deemed to have occurred, for these purposes, on the last day of that period of time); and
  - (b) the date on which the Cost Cap Administration learned of the acts or omissions on which the allegation of breach is based, where the Cost Cap Administration proves that the FE Manufacturer and/or the Relevant Person in question actively concealed those acts or omissions.
- 8.34 Where an FE Manufacturer or Relevant Person that is the subject of proceedings for breach of these FE Manufacturer Financial Regulations proves that the matter was referred to the Cost Cap Adjudication Panel after expiry of the five-year limitations period referred to in Article 8.33, the proceedings will be dismissed without consideration of the merits.

## 9. THE COST CAP ADJUDICATION PANEL

### Composition of the Cost Cap Adjudication Panel generally

- 9.1 The Cost Cap Adjudication Panel will hear and determine cases of asserted breach of these FE Manufacturer Financial Regulations that are referred to it by the Cost Cap Administration in accordance with Article 8.31.
- 9.2 The Cost Cap Adjudication Panel will comprise a minimum of six and a maximum of twelve independent judges (the "**Judges**") elected by the FIA General Assembly in accordance with the FIA Statutes.
- 9.3 Every two years the Judges will elect from amongst their number a President (the "**President of the Cost Cap Adjudication Panel**") and a Vice-President of the Cost Cap Adjudication Panel.
- 9.4 In case of impediment, the President of the Cost Cap Adjudication Panel will be replaced by the Vice-President.
- 9.5 Each Judge's mandate will take effect on 1 January following their election. Each Judge will serve a four-year term, which will be capable of renewal twice, subject to the transitory provisions specified in the FIA Statutes.
- 9.6 If a seat becomes vacant for whatever reason and as a result in the number of serving Judges falls below six, the General Assembly will elect a replacement for the remainder of the term.

### Composition of the Cost Cap Adjudication Panel in a particular case

- 9.7 Following a referral of a case by the Cost Cap Administration further to Article 8.31, the President of the Cost Cap Adjudication Panel will appoint a judging panel to hear and determine the case in accordance with this Article 9. The judging panel will comprise at least three Judges. The President of the Cost Cap Adjudication Panel will specify one of those Judges to act as the President of the judging panel for that case (the "**President of the Hearing**"). Where cases are referred against more than one party (FE Manufacturer and/or Relevant

Persons) arising out of the same facts and circumstances, they will be consolidated to be heard together before the same judging panel.

- 9.8 The members of the judging panel must be independent and impartial, and have no conflict of interest (as defined in the FIA Code of Ethics) in respect of the case in question. In cases of doubt, the President of the Cost Cap Adjudication Panel (or, if the President is implicated in the alleged conflict, the Vice-President) will determine whether or not a Judge is independent or impartial or has a conflict of interest. They will not be required to explain their decision.
- 9.9 If a member of the relevant judging panel is or becomes unable, unwilling, or unfit to hear the matter (whether because of a lack of independence or impartiality or a conflict of interest, as described in Article 9.8, or otherwise), the President of the Cost Cap Adjudication Panel may appoint a replacement member to the judging panel.

### Hearings before the Cost Cap Adjudication Panel

- 9.10 The President of the Hearing will be responsible for the conduct of the case, including verifying the regularity of the proceedings, ensuring that the rights of the Parties are respected (including their right to confidentiality), keeping order during the hearing, and arranging for the drafting of the decision (which will be authenticated by his/her signature) as well as its notification to the Parties and its publication.
- 9.11 Those present at the hearing may include:
- (a) the parties to the proceedings (together the "**Parties**" and each a "**Party**"), namely:
    - (i) the FIA (as the body responsible for enforcement of these FE Manufacturer Financial Regulations); and
    - (ii) the relevant FE Manufacturer and/or Relevant Person (each, a "**Respondent**", and together the "**Respondents**");
  - (b) the legal representatives of the FIA and the Respondent(s);
  - (c) any Witnesses, as permitted under this Article 9;
  - (d) any third party observer(s), as permitted pursuant to Article 9.12; and
  - (e) representatives of the Primary Team and/or any Additional Team(s), where the FIA is asking the Cost Cap Adjudication Panel to impose or the Cost Cap Adjudication Panel is considering *sua sponte* imposing deduction of points of such teams and/or their drivers and/or restrictions on the Testing that such teams may conduct, and/or suspension or exclusion of such teams from a Competition or the Championship. At the direction of the President of the Hearing, those representatives may make submissions in response to the FIA's submissions in respect of such penalties.
- 9.12 Third parties may only attend the hearing with the permission of the President of the Hearing, which s/he may grant or deny in his/her sole discretion. If permission is granted, the third party may attend the hearing in an observer capacity only. The third party may not make submissions, present evidence, or question Witnesses.
- 9.13 The President of the Hearing may permit any person who is entitled or permitted to be present at the hearing to attend the hearing via videoconference or other virtual means.

- 9.14 The Cost Cap Adjudication Panel may at any time make public the fact and date of the hearing. It will publish the final decision of the judging panel resolving the proceedings in accordance with Article 9.29. Persons referred to in the decision have no right of legal action against the FIA or against any person publishing the decision for damages resulting from such publication. Save as set out in the first two sentences of this Article 9.14, the proceedings will be confidential, and no Party may disclose any facts or other information (including Confidential Information) relating to the proceedings either before, during, or after the proceedings.
- 9.15 At the hearing, the person asserting the claim or fact in issue has the burden of proving the claim or fact on the balance of probabilities, i.e., the person must satisfy the judging panel that the claim or fact asserted is more likely than not to be true.
- 9.16 Rules regarding the admissibility of evidence that may apply in judicial proceedings do not apply in proceedings before the Cost Cap Adjudication Panel. Instead, claims and facts may be established by any reliable means, including admissions, Witness testimony, documentary evidence, and data downloaded from Electronic Devices. Evidence offered by the FIA that was obtained by illegal means may be admitted if the judging panel is satisfied that (i) the FIA was not itself involved in such illegality and (ii) the public interest in exposing the wrongdoing in issue outweighs the interest of the Respondent(s) in not having illegally obtained evidence used against them.
- 9.17 Unless otherwise stated:
- (a) liability for compliance with these FE Manufacturer Financial Regulations is strict, i.e. the FIA is not required to prove that the Respondent(s) committed the alleged breach intentionally, recklessly, negligently, or even knowingly; and
  - (b) any attempt to breach these FE Manufacturer Financial Regulations, and any agreement to act in a manner that would culminate in a breach of these FE Manufacturer Financial Regulations, will be treated (and will be punishable) as if the attempted or agreed breach had occurred, whether or not the attempt or agreement actually resulted in a breach.
- 9.18 The FIA and the Respondent(s) may submit written evidence from their respective Witness(es) to the Cost Cap Adjudication Panel within the prescribed timeframes. If the President of the Hearing considers the evidence to be relevant, s/he may invite such Witness(es) to attend the hearing in order to answer any questions from the President of the Hearing, and/or the judging panel, and/or the FIA and/or the Respondent(s). Any Witness invited to attend will not be authorised to present evidence on any issue that has not been addressed in their written evidence, unless (exceptionally) permission is granted by the President of the Hearing. Requests for the hearing of Witnesses may be refused by the President of the Hearing if s/he considers the request to be frivolous, vexatious, excessive, and/or unnecessary.
- 9.19 The President of the Hearing will also invite the FIA and the Respondent(s) to set out their respective arguments, where appropriate without the Witnesses being present.
- 9.20 In addition to hearing from the FIA, the Respondent(s), and their respective Witnesses, the President of the Hearing may decide to hear from any other Witness, if s/he considers that fairness to the FIA or the Respondent(s) requires it, or that it would assist the judging panel.
- 9.21 After a Witness has made his/her statement, the President of the Hearing may direct that Witness to remain in the courtroom and/or not to speak to any other Witness.

- 9.22 At any point during the hearing, the judging panel may decide, after hearing the Parties but before making a final decision:
- (a) to request further information; or
  - (b) to postpone proceedings to a later hearing, in particular in order to hear Witnesses.
- 9.23 Where a Party or a Witness for a Party, without reasonable excuse:
- (a) refuses to produce any document or other information requested by the Cost Cap Administration or the Cost Cap Adjudication Panel/judging panel or the ICA (as applicable);
  - (b) refuses or fails to appear at a hearing to answer questions; or
  - (c) appears at a hearing but refuses or fails to respond to any question put to them by or with the permission of the judging panel or ICA (as applicable),
- the judging panel or ICA (as applicable) may infer that the document or other information or answer(s) (as applicable) would be adverse to the interests of that Party.
- 9.24 Once all of the evidence has been received, the President of the Hearing will invite each of the FIA and (after the FIA) the Respondent(s) to make their closing statements.
- 9.25 After the closing statements, the hearing will be declared closed and no further submissions or evidence will be permitted, unless requested by the judging panel in accordance with Article 9.27.
- 9.26 After the close of the hearing, the President of the Hearing will announce the likely time and date when the decision will be pronounced.
- 9.27 The judging panel may decide to re-open the hearing at any point in its deliberation, for instance if it becomes aware of any new fact. In this case, each of the FIA and the Respondent(s) will be informed of the re-opening of the hearing.

### **Decision**

- 9.28 Following the close of the hearing, the judging panel will make its decision, which will:
- (a) be reached unanimously or else by a majority vote with each member of the judging panel having one vote, and in the event of a deadlock the President of the Hearing having a further casting vote;
  - (b) be in writing, in English;
  - (c) state the reasons for its decision;
  - (d) be notified to each Party;
  - (e) where the Respondent is found to have breached these FE Manufacturer Financial Regulations, specify:
    - (i) the sanction(s) imposed (determined in accordance with Article 11 or Article 12, as applicable); and

- (ii) the costs to be borne by the Respondent (including a Respondent who is a Relevant Person, if the Cost Cap Adjudication Panel sees fit), which will be calculated by reference to the reasonable costs incurred by the Cost Cap Administration and the Cost Cap Adjudication Panel in connection with any investigation and/or the hearing before the Cost Cap Adjudication Panel. In the event that the reasonableness of the costs incurred by the Cost Cap Administration is disputed, the judging panel will determine them; and
  - (f) where the Respondent is not found to have breached these FE Manufacturer Financial Regulations, not order the Respondent to pay any of the costs incurred by the Cost Cap Administration and the Cost Cap Adjudication Panel, and not order the FIA to pay any of the costs incurred by the Respondent unless the judging panel considers that the case was brought maliciously or grossly negligently.
- 9.29 The Cost Cap Adjudication Panel will publish the full reasoned decision of the judging panel, but only after redacting any Confidential Information contained in the decision.
- 9.30 If, within three months of the date of notification of a decision by the Cost Cap Adjudication Panel to the Parties, any important new evidence is discovered that was unknown during the hearing before the judging panel and that could cause the judging panel to modify its decision, the Party discovering it must notify it to the judging panel. Within three months of such notification, the judging panel may choose to re-examine its decision, following a process that respects both the rights of the Parties and the terms of these FE Manufacturer Financial Regulations.

## 10. CATEGORIES OF BREACH APPLICABLE TO FE MANUFACTURERS

### Procedural Breach

- 10.1 A "**Procedural Breach**" arises when an FE Manufacturer breaches a procedural aspect of these FE Manufacturer Financial Regulations (including any Determination), except that a Non-Submission Breach does not constitute a Procedural Breach. Examples of Procedural Breaches include:
- (a) failing to comply with the requirements in respect of Declarations pursuant to Article 3.1;
  - (b) failing to provide access to information and/or documentation, premises and/or individuals as the Cost Cap Administration may require pursuant to Article 8.6;
  - (c) failing to comply with the obligations in respect of an investigation pursuant to Article 8.14;
  - (d) failing to submit information or documentation required by any Determination by the applicable deadline included in that Determination;
  - (e) making a Late Submission;
  - (f) failing to comply with the terms of an ABA; or
  - (g) submitting Reporting Documentation that is inaccurate, incomplete, or misleading.
- 10.2 Where the Cost Cap Adjudication Panel determines that an FE Manufacturer has committed a Procedural Breach:

- (a) the Cost Cap Adjudication Panel will impose a Financial Penalty, unless it determines that sufficient mitigating factors exist to justify not doing so; and
- (b) where the Cost Cap Adjudication Panel determines that there are sufficient aggravating factors, it will impose one or more Minor Sporting Penalties in addition to (or in lieu of) the Financial Penalty; and
- (c) where the Procedural Breach has made it impossible to determine whether or not the Respondent has committed a Minor Overspend Breach and/or a Material Overspend Breach, the Cost Cap Adjudication Panel may impose one or more of the sanctions that it would have had discretion to impose if such Minor Overspend Breach or Material Overspend Breach (as applicable) had been proved, either in addition to or in lieu of the Financial Penalty.

#### **Late Submissions and Non-Submission**

- 10.3 In the event that an FE Manufacturer does not submit the Reporting Documentation by the Reporting Deadline (a "**Late Submission**"), the Cost Cap Administration will issue a late submission notice ("**Late Submission Notice**") to the FE Manufacturer (the "**Late Submitting Manufacturer**"). A Late Submission constitutes a Procedural Breach.
- 10.4 Within 48 hours of receipt of the Late Submission Notice, the Late Submitting Manufacturer must provide the Cost Cap Administration with a written explanation of the reasons for its Late Submission. If satisfied with that explanation, the Cost Cap Administration may grant the Late Submitting Manufacturer an extension to the Reporting Deadline (the "**Extended Reporting Deadline**").
- 10.5 In the event that a Late Submitting Manufacturer:
- (a) does not provide a written response to a Late Submission Notice within the specified time;
  - (b) provides a written response to a Late Submission Notice within the specified time but such response is deemed unsatisfactory by the Cost Cap Administration; or
  - (c) does not submit the Reporting Documentation by the Extended Reporting Deadline,
- the Late Submitting Manufacturer will have committed a "**Non-Submission Breach**".
- 10.6 Where the Cost Cap Adjudication Panel determines that an FE Manufacturer has committed a Non-Submission Breach (as per Article 10.5), the Cost Cap Adjudication Panel may impose a deduction of Championship points awarded to the Primary Team for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s) (as per Article 11.1(c)(i)), and may also impose a Financial Penalty and/or other Material Sporting Penalties.

#### **Minor Overspend Breach**

- 10.7 A "**Minor Overspend Breach**" arises when the FE Manufacturer's aggregate Relevant Costs for an Assessment Period exceed the Cost Cap by less than 5%.
- 10.8 Where the Cost Cap Adjudication Panel determines that an FE Manufacturer has committed a Minor Overspend Breach, the Cost Cap Adjudication Panel may impose a Financial Penalty and/or one or more Minor Sporting Penalties.

### **Material Overspend Breach**

- 10.9 A "**Material Overspend Breach**" arises when the FE Manufacturer's aggregate Relevant Costs for the Assessment Period exceed the Cost Cap by 5% or more.
- 10.10 Where the Cost Cap Adjudication Panel determines that an FE Manufacturer has committed a Material Overspend Breach, the Cost Cap Adjudication Panel will impose a deduction of Championship points awarded to the Primary Team and/or the Additional Team(s) for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s) (as per Article 11.1(c)(i)), and may also impose a Financial Penalty and/or any other Material Sporting Penalties.

### **Aggravating or mitigating factors**

- 10.11 In determining the sanctions appropriate for a particular case, the Cost Cap Adjudication Panel will take into account any aggravating or mitigating factors.
- 10.12 Examples of aggravating factors include:
- (a) any element of bad faith, dishonesty, wilful concealment, or fraud;
  - (b) multiple breaches of these FE Manufacturer Financial Regulations in the Reporting Period or Assessment Period in question by the same Respondent(s);
  - (c) prior breaches of these FE Manufacturer Financial Regulations by the same Respondent(s);
  - (d) significant exceeding of the Cost Cap; and
  - (e) failure to cooperate with the Cost Cap Administration and/or the Independent Audit Firm appointed by the Cost Cap Administration and/or external legal advisors appointed by the Cost Cap Administration in the investigation and/or prosecution of the case in question.
- 10.13 Examples of mitigating factors include:
- (a) the Respondent's voluntary disclosure of the breach(es) to the Cost Cap Administration before it was aware of them;
  - (b) a track record of compliance with these FE Manufacturer Financial Regulations in previous Reporting Periods or Assessment Periods;
  - (c) a Force Majeure Event that caused or contributed to the breach; and
  - (d) full and unfettered cooperation with the Cost Cap Administration and the Independent Audit Firm appointed by the Cost Cap Administration and any external legal advisors appointed by the Cost Cap Administration in the investigation and prosecution of the case in question.

## **11. SANCTIONS FOR BREACH APPLICABLE TO FE MANUFACTURERS**

- 11.1 The following sanctions may be imposed on an FE Manufacturer for breach of these FE Manufacturer Financial Regulations:
- (a) a "**Financial Penalty**", meaning a fine of an amount to be determined on a case by case basis, based on the nature, extent, and/or effect of the breach in question; and/or
  - (b) a "**Minor Sporting Penalty**", meaning one or more of the following:
    - (i) a public reprimand;
    - (ii) deduction of Championship points awarded to the Primary Team and/or the Additional Team(s) for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s);
    - (iii) deduction of Championship points awarded to the FE Drivers of the Primary Team and/or the Additional Team(s) for the Championship(s) that took place within the Reporting Period(s) of the breach or for any subsequent Championship(s);
    - (iv) suspension of the FE Manufacturer and/or the Primary Team and/or the Additional Team(s) from one or more stages of any Competition(s), other than the race itself;
    - (v) restrictions on the ability of the FE Manufacturer and/or the Primary Team and/or the Additional Team(s) to conduct on track testing; and/or
    - (vi) reduction of the Cost Cap for the FE Manufacturer in question for a specified period, provided that such reduction may only be applied with respect to (one or more) Assessment Periods that post-date the date of imposition of the sanction;
  - (c) a "**Material Sporting Penalty**", meaning one or more of the following:
    - (i) deduction of Championship points awarded to the Primary Team and/or the Additional FE Team(s) for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s);
    - (ii) deduction of Championship points awarded to the FE Drivers of the Primary Team and/or the Additional Team(s) for the Championship(s) that took place within the Reporting Period(s) of the breach and/or for any subsequent Championship(s);
    - (iii) restrictions on the ability of the FE Manufacturer and/or the Primary Team and/or the Additional Team(s) to conduct on-track testing;
    - (iv) suspension of the Primary Team and/or the Additional Team(s) from one or more stages of any Competition(s), other than the race itself;
    - (v) suspension of the Primary Team and/or the Additional Team(s) from an entire Competition (or Competitions), including the race itself;
    - (vi) exclusion of the FE Manufacturer and/or the Primary Team and/or the Additional Team(s) from the Championship for a specified period; and/or



- (vii) reduction of the Cost Cap for the FE Manufacturer in question for a specified period, provided that such reduction may only be applied with respect to (one or more) Assessment Periods that post-date the date of imposition of the sanction.

#### **Enhanced monitoring**

- 11.2 In addition to the sanctions listed in Article 11.1, the Cost Cap Adjudication Panel may impose enhanced monitoring requirements in respect of an FE Manufacturer.

#### **Suspension of sanctions**

- 11.3 The Cost Cap Adjudication Panel may suspend the application of any sanction, in whole or in part, for a specified period or indefinitely, subject to compliance by the FE Manufacturer with specified conditions.

#### **Payment of a Financial Penalty**

- 11.4 Subject to Article 13.2, all Financial Penalties must be paid (i) within 30 days of the date of the relevant decision or (ii) or by such other deadline specified by the Cost Cap Adjudication Panel in the relevant decision (or by the Cost Cap Administration in an ABA) where an alternative payment plan is approved. If an FE Manufacturer fails to pay a Financial Penalty by the applicable deadline, the FE Cars it supplies to any FE Team(s) will automatically be declared ineligible for participation in the Championship until the fine has been paid in full.
- 11.5 Without prejudice to Article 11.4, interest will be payable by the FE Manufacturer to the FIA in respect of any Financial Penalty not paid by the due date, accruing daily on the principal amount outstanding from the due date until the date of actual payment, at a rate of 5% above the European Central Bank's main refinancing interest rate on the relevant due date.

### **12. CATEGORIES OF BREACH AND SANCTION APPLICABLE TO RELEVANT PERSONS**

- 12.1 Where the Cost Cap Adjudication Panel finds that a Relevant Person has breached Article 3.2, the Cost Cap Adjudication Panel may impose a provisional suspension and/or any sanctions (other than a fine) as permitted under Article 12 of the International Sporting Code.
- 12.2 Articles 10.11 to 10.13 (inclusive) relating to aggravating/mitigating factors also apply, *mutatis mutandis*, to sanctions on Relevant Persons, to the extent relevant.
- 12.3 The Cost Cap Adjudication Panel may suspend the application of any sanction, in whole or in part, for a specified period or indefinitely, subject to compliance by the Relevant Person with specified conditions.

### **13. APPEALS TO THE FIA INTERNATIONAL COURT OF APPEAL**

- 13.1 Decisions of the Cost Cap Adjudication Panel under these FE Manufacturer Financial Regulations may be appealed to the ICA (a) by any Party to the proceedings that led to the decision and/or (b) by the Primary Team or Additional Team (where the Cost Cap Adjudication Panel has ordered deduction of points of such teams and/or their drivers and/or restrictions on the Testing that such teams may conduct, and/or suspension or exclusion of such teams from a Competition or the Championship). The appeal will be heard by the ICA in accordance with the relevant provisions of the FIA Judicial and Disciplinary Rules and of these FE Manufacturer Financial Regulations.

- 13.2 If a decision by the Cost Cap Adjudication Panel is appealed to the ICA, and the appeal challenges some or all of the sanctions imposed in the decision, the challenged sanctions will not be enforceable against the appellant pending the outcome of the appeal unless the ICA so orders.

#### **14. AMENDMENTS TO THE REGULATIONS IN RESPECT OF SUBSEQUENT REPORTING PERIODS**

- 14.1 In respect of the Reporting Period commencing on 1 October 2023 and each subsequent Reporting Period, the following amendments to the Financial Regulations shall apply:

##### **Amendment to Article 3.1**

Reporting Documentation submitted by or on behalf of an FE Manufacturer must be accompanied by declarations in the format prescribed by the Cost Cap Administration from time to time in a Determination ("Declarations"), in accordance with Article 7.1(f). Such Declarations must be:

(a) signed by an authorised signatory for and on behalf of the FE Manufacturer, and separately by each Relevant Person in his/her individual capacity, to confirm in each case that:

(i) the Reporting Documentation that the Declarations accompany is complete, accurate, not misleading, and compliant with the requirements of these FE Manufacturer Financial Regulations; and

(ii) the FE Manufacturer has complied with the requirements of Article 2.1(h); and

(b) signed by an authorised signatory for and on behalf of the FE Manufacturer's Ultimate Controlling Party to confirm that the Reporting Perimeter Documentation is complete, accurate, not misleading, and compliant with the requirements of these FE Manufacturer Financial Regulations.

##### **Amendment to Article 4.3(c)(ii)**

the FE Manufacturer must include the FE Manufacturer Technical Partner(s) in its Reporting Perimeter in subsequent Reporting Periods, unless the Cost Cap Administration approves otherwise.

##### **Introduction of new Article 7.5**

Pursuant to Article 1.3, if an FE Manufacturer's registration is approved by the FIA within the two Reporting Periods preceding the first Reporting Period in which an FE Car it has supplied is used in the Championship (N), the Cost Cap Administration may grant the FE Manufacturer an extension to the Reporting Deadline in respect of the first Reporting Period under assessment (N-2).

##### **Amendment to the definition of "Indexation" :**

"Indexation" means in respect of the Reporting Period commencing on 1 October 2023 and each subsequent Reporting Period, the compound rate of (i) the estimated average annual inflation rate for the year to 31 December of the current Reporting Period as published by the International Monetary Fund for the G7 countries in October of the current Reporting Period, and (ii) the Indexation rate of the preceding Reporting Period, as communicated by the Cost Cap Administration via a Determination.

If such rate ceases to exist, the Cost Cap Administration will use an alternative rate which it deems to be reasonably comparable.

## APPENDIX: DEFINITIONS AND INTERPRETATION

In these FE Manufacturer Financial Regulations, the following terms have the following meanings:

**"Accepted Breach Agreement"** (or **"ABA"**) means an accepted breach agreement entered into between the Cost Cap Administration and the relevant FE Manufacturer or Relevant Person.

**"Additional Services"** means FE Team Activities undertaken by an FE Manufacturer at the request of an FE Team that are additional to the Mandatory Services.

**"Additional Team"** means any FE Team that is not designated as an FE Manufacturer's Primary Team but to which an FE Manufacturer supplies an FE Car.

**"Adjustment"** means an upward or downward adjustment to Reported Costs of Regulated Activities of the Reporting Perimeter pursuant to Article 6.

**"Annual Financial Statements"** means annual financial statements that have been prepared in accordance with International Financial Reporting Standards or national accounting standards (as applicable), and when applicable have been audited by an Independent Audit Firm.

**"Applicable Rate"** means:

- (a) the Initial Applicable Rate; or (where the Cost Cap Administration so specifies)
- (b) the average of the daily exchange rates published by the European Central Bank in the 60-day range that the Cost Cap Administration decides, in its absolute discretion, and communicates to the FE Manufacturers via a Determination no later than 31 July of the Reporting Period preceding the Reporting Period in which the Applicable Rate is to take effect.

**"Assessment Period"** means two consecutive (non-rolling) Reporting Periods, as specified by the Cost Cap Administration.

**"Associate"** means, with respect to an entity, any other entity over which that entity holds Significant Influence, but not Control or Joint Control.

**"Championship"** has the meaning set out in Article 1.1.

**"Competition"** means any Competition counting towards the Championship and registered on the Championship calendar for any year, commencing at the scheduled time for scrutineering and sporting checks and including all practice sessions and race(s), and ending either at the deadline for the lodging of a protest under the terms of the International Sporting Code or at the time when a technical or sporting check has been carried out under the terms of that Code, whichever is the later.

**"Components of an FE Car"** means all components that can be or are part of an FE Car.

**"Confidential Information"** means all confidential information relating to an FE Manufacturer and the other members of its Reporting Perimeter and its Legal Group, including any information (whether written, oral, or in any other format) that would be regarded as confidential by a reasonable business person relating to the business, affairs, customers, clients, suppliers, plans, operations, processes, know-how, financial data, commercially sensitive information, designs, trade secrets or software of the FE Manufacturer and of the other members of its Reporting Perimeter and its Legal Group.

**"Connected Party"** means, in relation to a person:

- (a) any family member of such person, where family member means:
  - (i) a spouse, domestic partner or civil partner;
  - (ii) any other person with whom the person lives as partner in an enduring family relationship;
  - (iii) children or step-children of the person or of any person falling within paragraph (a)(i) of this definition;
  - (iv) any children or step-children of a person falling within paragraph (a)(ii) of this definition who live with the person and have not attained the age of 18;
  - (v) siblings;
  - (vi) parents; and
  - (vii) dependants of the person or of any person falling within paragraph (a)(i) of this definition;
- (b) any agent or representative acting on behalf of the person;
- (c) any body corporate in relation to which an person or any of the categories of person identified within paragraphs (a) and (b) of this definition is:
  - (i) beneficially entitled to 20% or more of the entire issued share capital of that body corporate; or
  - (ii) entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body corporate; and
- (d) any company, trust, partnership, or other body, organisation, or mechanism established or operating directly or indirectly in whole or in part for the benefit of or in respect of the person or any or all of the other categories of person referred to in this definition.

**"Consideration"** means, in respect of Personnel (whether or not that person is an employee):

- (a) short term employee benefits, including gross wages/salaries, non-monetary benefits for current employment (e.g. benefits-in-kind, access to private medical care, housing, cars, free or subsidised goods and services), performance-related bonus arrangements, any other type of bonus arrangements, and any other type of payment (e.g. one-off fixed payment as an initial signing-on fee or contract renewal fee or equity in the FE Manufacturer);
- (b) post-employment benefits, including pension contributions and any lump sum payments on retirement, and any other post-employment benefits (e.g. life insurance and access to medical care);
- (c) other long-term employee benefits (e.g. long-term paid absences, jubilee or other long-service benefits, profit sharing and bonuses, ownership stake in an FE Manufacturer, and deferred remuneration);
- (d) payments or other benefits arising on termination;

- (e) fees or performance or other contractual payments;
- (f) image rights payments in connection with promotional, media, or endorsement work; and
- (g) any other consideration in exchange for any other service provided.

"**Control**" means the power to conduct the affairs of an entity and to direct its financial and operating policies that affect returns by means of shareholding, or voting power, or by constitutional documents (statutes) or agreement, or otherwise; and "**Controlling**" and "**Controlled**" will be construed accordingly.

"**Cost Cap**" has the meaning set out in Article 4.2(a).

"**Cost Cap Adjudication Panel**" means the independent decision-making panel constituted in accordance with Article 9.

"**Cost Cap Administration**" means the staff designated by the FIA from time to time to administer and monitor the operation of these FE Manufacturer Financial Regulations.

"**Costs of Non-Reported Services**" means lease costs of tangible and intangible assets (other than software and patents), costs of electricity, gas and water, costs of Consideration paid and/or payable to an FE Driver and any other costs as may be specified by the Cost Cap Administration from time to time in a Determination

"**Costs of Outsourced Goods and Materials**" means the costs of goods and materials, including raw materials, parts, components, consumables and tools provided to a Reporting Perimeter Entity by another party (i.e. a party that is not a Reporting Perimeter Entity).

"**Costs of Outsourced Services**" means the costs of services provided to a Reporting Perimeter Entity by another party (i.e. a party that is not a Reporting Perimeter Entity) excluding Costs of Non-Reported Services.

"**Declaration(s)**" has the meaning set out in Article 3.1.

"**Determination**" has the meaning set out in Article 8.4.

"**Development**" means the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, software, systems, or services prior to the commencement of commercial production or use.

"**Directly Attributable**" means, in relation to a particular activity, that (a) the cost would have been avoided if that particular activity was not undertaken, and (b) the cost is separately identifiable without apportionment.

"**Electronic Device**" means any device (including smart phones, tablets, computers, portable hard drives, USBs, pagers, and watches such as iWatches) that stores and/or transmits or receives data (including text, audio, video, multimedia, and/or any other kind of data), and any platforms or services or accounts that may be used by the user of the Electronic Device to store and/or transmit or receive data, including instant messaging services, as well as social media accounts and cloud-based services or accounts that are used to store data remotely.

**"Exchange Transaction"** means a transaction between a Reporting Perimeter Entity and a third party that results in one of the parties acquiring goods or services or satisfying liabilities by surrendering other goods or services or incurring other obligations.

**"Excluded Costs"** means those costs that may be excluded from Reported Costs of Regulated Activities of the Reporting Perimeter pursuant to Article 5.1.

**"Extended Reporting Deadline"** has the meaning set out in Article 10.4.

**"Fair Value"** means the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction at arm's length between market participants at the transaction date.

**"FE Car"** means a car that was designed and built to comply with the Sporting Regulations and Technical Regulations in force during any Championship season within the Generation.

**"FE Driver"** means any person whose primary role is as a driver undertaking the racing and/or Testing of FE Cars for or on behalf of the FE Team and/or FE Manufacturer during the Reporting Period.

**"FE Finance Director"** means the individual designated as Finance Director of FE in the Manufacturer Staff Registration Submission.

**"FE Manufacturer"** means a legal entity that is registered with the FIA to supply FE Cars, in accordance with the FIA Registration Procedure.

**"FE Manufacturer and/or FE Team Transaction"** means a transaction between a Reporting Perimeter Entity and an entity within an FE Manufacturer's Legal Group and/or an FE Team's Legal Group.

**"FE Manufacturer Financial Regulations"** means these Financial Regulations, as amended from time to time.

**"FE Manufacturer Technical Partner"** means the entity or entities within the same Legal Group but outside the FE Manufacturer's Legal Group that incur more than 50% of Reported Costs of Regulated Activities of the Reporting Perimeter less any identifiable portion of costs of Non-Regulated Activities pursuant to Article 5.1(a)(i) and Article 5.1(a)(ii) undertaken by or on behalf of the FE Manufacturer.

**"FE Team"** means a legal entity that holds an FIA Competitor's Licence (as defined in the International Sporting Code) to participate in the Championship (referred to in the Sporting Regulations as the "competitor" or the "team").

**"FE Team Activities"** means:

- (a) all activities undertaken by or on behalf of the FE Team relating to the operation of that FE Team and its participation in the Championship, including all activities in connection with the Testing and racing of FE Cars and Marketing Activities of the FE Team, but excluding Research and Development Activities and Manufacture Activities of an FE Manufacturer;
- (b) the planning, directing, management, control, and/or execution of the activities defined as FE Team Activities within paragraph (a) of this definition; and
- (c) the management, directing, control, and use of the assets used to undertake the activities defined as FE Team Activities within paragraph (a) of this definition.

"**FE Team Financial Regulations**" means the Financial Regulations applicable to FE Teams, as amended from time to time.

"**FIA**" means the Fédération Internationale de l'Automobile.

"**FIA Code of Ethics**" means the FIA Code of Ethics adopted by the FIA General Assembly, as amended from time to time.

"**FIA General Assembly**" means the supreme decision-making body of the FIA.

"**FIA Judicial and Disciplinary Rules**" means the FIA Judicial and Disciplinary Rules adopted by the FIA General Assembly, as amended from time to time.

"**FIA Registration Procedure**" has the meaning set out in Article 1.2.

"**FIA Single Suppliers**" means the single suppliers selected by the FIA as set out in the FIA Registration Procedure.

"**FIA Statutes**" means the official statutes of the FIA adopted by the FIA General Assembly, as amended from time to time.

"**FIA World Motor Sport Council**" means the World Motor Sport Council constituted under the FIA Statutes.

"**Financial Penalty**" has the meaning set out in Article 11.1(a).

"**Financial Reporting Documentation**" has the meaning set out in Article 7.1(b).

"**Force Majeure Event**" means any circumstances beyond the reasonable control of an FE Manufacturer affecting its compliance with these FE Manufacturer Financial Regulations, including terrorist action or the threat thereof, civil commotion, disruption due to general or local elections, invasion, war, threat of or preparation for war, fire, explosion, storm, flood, earthquake, or any other such natural physical disaster, epidemic, pandemic, and any legislation, regulation or ruling of any government, court or other such competent authority.

"**General Ledger**" means the accounting ledger that contains the financial information used to prepare the Annual Financial Statements of an entity.

"**Generation**" means the period covered by the FIA Registration Procedure in force during the Reporting Period in question (being Seasons 9, 10, 11 and 12 for the FIA Registration Procedure in force on the date these FE Manufacturer Financial Regulations first come into effect).

"**Good Faith**" means with honesty, integrity, and due diligence.

"**Group**" means a Parent and its Subsidiaries.

"**Head of FE Activities**" means the individual designated as Head of FE Activities in the Manufacturer Staff Registration Submission.

"**ICA**" means the International Court of Appeal, which is the independent judicial body established under the FIA Statutes and the FIA Judicial and Disciplinary Rules to act as the final appeal court for international motor sport.

"**Immunity Conditions**" has the meaning set out in Article 8.15.



**"Independent Audit Firm"** means an independent audit firm acting in compliance with the International Code of Ethics for Professional Accountants (including International Independence Standards).

**"Indexation"** means:

- (a) in respect of the Reporting Period commencing 1 October 2022, the average annual inflation rate for the year to 30 September 2022 as published on the International Monetary Fund website for the G7 countries; and
- (b) in respect of the Reporting Period commencing 1 October 2023 and each subsequent Reporting Period, the compound rate of (i) the average annual inflation rate for the year to 30 September of the preceding Reporting Period as published on the International Monetary Fund website for the G7 countries and (ii) the Indexation rate of the preceding Reporting Period, as communicated by the Cost Cap Administration via a Determination.

**"Initial Applicable Rate"** means:

- (a) in respect of the exchange rate between Euros and each of Pounds Sterling and US Dollars, the following rates:

Euros / Pounds Sterling	Euros / US Dollars
1.1748	0.8588

- (b) in respect of any other currency, the average of the daily exchange rates published by the European Central Bank over the period 30 September 2021 +/- 60 days.

**"Initial Components"** means all Components of an FE Car initially supplied to an FE Team by the FE Manufacturer as part of an FE Car ready to race and additional full spare part kits as set out in the FIA Registration Procedure following their homologation.

**"International Sporting Code"** means the FIA International Sporting Code, as amended from time to time.

**"Inventories"** means only those assets that are:

- (a) finished goods purchased or produced, and held for use in respect of FE Cars or for Regulated Activities of an FE Manufacturer, including Components of an FE Car; and/or
- (b) in the process of production for such use under paragraph (a) of this definition; and/or
- (c) in the form of materials or supplies to be consumed in the process of production for such use under paragraph (a) of this definition.

**"Joint Control"** means the contractually agreed sharing of Control of an arrangement, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing Control. **"Jointly Controlling"** should be construed accordingly.

**"Joint Venture"** means a joint arrangement whereby the parties that have Joint Control of the arrangement have rights to the net assets of the arrangement.

"**Judges**" has the meaning set out in Article 9.2.

"**Key Management Personnel**" means those persons having authority over and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

"**Late Submission**" has the meaning set out in Article 10.3.

"**Late Submission Notice**" has the meaning set out in Article 10.3.

"**Late Submitting Manufacturer**" has the meaning set out in Article 10.3.

"**Legal Group**" of an entity means, in relation to this entity:

- (a) the entity in question;
- (b) any direct or indirect Controlling, or Jointly Controlling entity of the entity in question (up to and including the Ultimate Controlling Party);
- (c) any Subsidiary, Associate, or Joint Venture of the entity in question or of any entity falling within paragraph (b) of this definition; and
- (d) any party that has Significant Influence over the entity in question.

"**Mandatory Services**" means services that an FE Manufacturer is required to provide for the supply of an FE Car to an FE Team (subject to the applicable maximum price limit) as set out in the FIA Registration Procedure.

"**Manufacture Activities**" means:

- (a) activities in respect of an FE Car for the production, quality control, and use of materials, devices, products, and consumables, and the associated processes, software, systems, or services for the supply of FE Cars, including costs incurred to manufacture and/or purchase tooling, patterns, and moulds necessary for the manufacturing of components; and
- (b) activities in respect of an FE Car for the assembly, quality control, and use of materials, devices, products, and consumables in respect of an FE Car.

"**Manufacturer's Perimeter Spare Components**" means all Spare Components that are specific to an FE Manufacturer in accordance with the FIA Registration Procedure.

"**Manufacturer Staff Registration Submission**" means the certificate of registration for the staff of an FE Manufacturer submitted by an FE Manufacturer to the FIA in accordance with the International Sporting Code.

"**Marketing Activities**" means:

- (a) the identification, negotiation, agreement, and servicing of sponsorship agreements;
- (b) the creation, development, and deployment of Marketing Outputs;
- (c) the application of paint and stickers to FE Cars or to any plant or equipment assets used to undertake FE Team Activities; and

(d) participation in Promotional Events.

**"Marketing Outputs"** means branded FE Team/FE Manufacturer clothing, branded FE Team/FE Manufacturer merchandise, website, customer relationship management database, eSports players/teams, public relations external communications, and any other outputs as may be specified as such by the Cost Cap Administration from time to time in a Determination.

**"Material Overspend Breach"** has the meaning set out in Article 10.9.

**"Material Sporting Penalty"** has the meaning set out in Article 11.1(c).

**"Methodology Supporting Document"** means the document prescribed by the Cost Cap Administration in a Determination pursuant to Article 7.2 and used by the FE Manufacturer for the preparation of the Reporting Documentation including disclosure of Reported Costs of Regulated Activities of the Reporting Perimeter and sufficient detail for applicable Exclusions and Adjustments.

**"Minor Overspend Breach"** has the meaning set out in Article 10.7.

**"Minor Sporting Penalty"** has the meaning set out in Article 11.1(b).

**"Non-Manufacturer's Perimeter Spare Components"** means all Spare Components that are not specific to an FE Manufacturer in accordance with the FIA Registration Procedure.

**"Non-Regulated Activities"** means activities that are not Regulated Activities.

**"Non-Submission Breach"** has the meaning set out in Article 10.5.

**"Parent"** means an entity that Controls one or more other entities (known as Subsidiaries).

**"Party"** and **"Parties"** have the meaning set out in Article 9.11(a).

**"Personnel"** means any person involved in Regulated Activities on behalf of the FE Manufacturer in question and/or on behalf of another entity in the Reporting Perimeter and/or Legal Group of the FE Manufacturer.

**"Presentation Currency"** means the currency in which the General Ledger of a Reporting Perimeter Entity is presented.

**"President of the Cost Cap Adjudication Panel"** has the meaning set out in Article 9.3.

**"President of the Hearing"** has the meaning set out in Article 9.7.

**"Primary Team"** means the FE Team that an FE Manufacturer designates as its primary FE Team. Where an FE Manufacturer supplies an FE Car to only one FE Team, that team is the FE Manufacturer's Primary Team. Where an FE Manufacturer supplies an FE Car to an FE Team within its Legal Group and to other FE Teams, the FE Team within the FE Manufacturer's Legal Group is the FE Manufacturer's Primary Team.

**"Procedural Breach"** has the meaning set out in Article 10.1.

**"Promotional Event"** means a promotional event as described in the Sporting Regulations.

**"Regulated Activities"** means all activities undertaken by or on behalf of the FE Manufacturer relating to:

- (a) Research and Development Activities;
- (b) Manufacture Activities; and
- (c) Mandatory Services.

**"Related Party"** means, with respect to a Reporting Perimeter Entity:

- (a) a person who:
  - (i) has Control or Joint Control of that Reporting Perimeter Entity;
  - (ii) has Significant Influence over that Reporting Perimeter Entity; or
  - (iii) is a member of the Key Management Personnel of that Reporting Perimeter Entity or of a Parent of that Reporting Perimeter Entity;
- (b) a family member (such term being construed as set out in the definition of Connected Party) of any person listed in paragraph (a) of this definition;
- (c) an entity to which any of the following paragraphs apply:
  - (i) both it and the Reporting Perimeter Entity are members of the same Group or are under common control;
  - (ii) it or the Reporting Perimeter Entity is an Associate or Joint Venture of the other (or an Associate or Joint Venture of a member of a Group of which the other is a member);
  - (iii) it and the Reporting Perimeter Entity are Joint Ventures of the same third party;
  - (iv) it or the Reporting Perimeter Entity is a Joint Venture of a third party and the other is an Associate of the third party;
  - (v) the entity is a post-employment defined benefit plan for the benefit of the employees of the Reporting Perimeter Entity;
  - (vi) the entity is Controlled or Jointly Controlled by a person falling within paragraphs (a) or (b) of this definition;
  - (vii) a person falling within paragraph (a)(i) of this definition, or a family member of such a person, has Significant Influence over the entity or is a member of the Key Management Personnel of the entity (or of a Parent of the entity);
  - (viii) the entity, or any member of a Group of which it is a part, provides Key Management Personnel services to a Reporting Perimeter Entity or to the Parent of a Reporting Perimeter Entity; and/or
  - (ix) it is an FE Manufacturer Technical Partner not included in the Reporting Perimeter.

**"Related Party Transaction"** means, with respect to a Reporting Perimeter Entity:

- (a) a transfer of resources, services, or obligations between that Reporting Perimeter Entity and a Related Party, regardless of whether a price has been charged; or
- (b) any transaction between that Reporting Perimeter Entity and a third party where:
  - (i) a commercial relationship exists between that third party and a Related Party; and
  - (ii) the transaction is entered into on terms that are different to those that the third party would have agreed if the commercial relationship referred to in paragraph (b)(i) of this definition had not existed.

**"Relevant Costs"** means Reported Costs of Regulated Activities of the Reporting Perimeter less any Excluded Costs and after making any applicable Adjustments.

**"Relevant Person"** means each of the Head of FE Activities and FE Finance Director of the FE Manufacturer, together, the **Relevant Persons**.

**"Reported Costs"** means:

- (a) the costs of Consideration paid to employees (excluding FE Driver);
- (b) the Costs of Outsourced Goods and Materials; and
- (c) the Costs of Outsourced Services.

**"Reported Costs of Regulated Activities of the Reporting Perimeter"** means the aggregate of (i) the Reported Costs Directly Attributable to Regulated Activities of an FE Manufacturer's Reporting Perimeter, and (ii) Reported Costs which relate to both Regulated Activities and Non-Regulated Activities of an FE Manufacturer's Reporting Perimeter, for the Reporting Period in question having adjusted (to the extent applicable) for any amounts recharged from one Reporting Perimeter Entity to another Reporting Perimeter Entity.

**"Reporting Deadline"** means the deadline for submission of the Reporting Documentation, which is 19.00 CET on 30 November following the end of the Reporting Period, or if such day is not a business day on the next business day, unless any later time or date is otherwise communicated to the FE Manufacturers by the Cost Cap Administration via a Determination.

**"Reporting Documentation"** has the meaning set out in Article 7.1.

**"Reporting Perimeter"** has the meaning set out in Article 4.3.

**"Reporting Perimeter Documentation"** has the meaning set out in Article 7.1(a).

**"Reporting Perimeter Entity"** and **"Reporting Perimeter Entities"** have the meanings set out in Article 4.3.

**"Reporting Period"** means the 12-month financial reporting period starting on 1 October and ending on 30 September.

**"Research"** means any original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

**"Research and Development Activities"** means the following:

- (a) Research in respect of an FE Car; and
- (b) Development in respect of an FE Car (including the purchase and/or manufacture of components or prototype components in respect of an FE Car and organisation and performance of FE Manufacturer test days pursuant to the FIA Registration Procedure);

but excluding Mandatory Services and Additional Services.

**"Respondent"** has the meaning set out in Article 9.11(a)(ii).

**"Significant Influence"** means the power to participate in the financial and operating policy decisions of the entity, but not in Control or Joint Control of that entity. Significant Influence may be gained by means of shareholding, or voting power, or by constitutional documents (statutes), or by agreement, or otherwise.

**"Spare Components"** means other Components of an FE Car that are not Initial Components.

**"Sporting Regulations"** means the FIA Formula E Sporting Regulations, as amended from time to time.

**"Standard Operation Procedure"** means the standard operating procedure published by the FIA regarding the accessing and use of information collected from Electronic Devices in the context of investigations and hearings conducted under the FE Team Financial Regulations and FE Manufacturer Financial Regulations, as amended from time to time.

**"Subsidiary"** means an entity that is Controlled by the Parent.

**"Teams' Championship"** means the FIA Formula E World Teams' Championship.

**"Technical Regulations"** means the FIA Formula E Technical Regulations, as amended from time to time.

**"Testing"** means all on track and off-track testing, including any virtual testing and simulation of either a car, chassis, or chassis system or components.

**"Ultimate Controlling Party"** means, in respect of an FE Manufacturer, the entity or individual that has ultimate Control, directly or indirectly, of that FE Manufacturer.

**"Witness"** means a fact witness and/or an expert witness.