

F1 exec Christian Horner's exit from Red Bull through the lens of Canada's employment law

By **Frank Portman**

Law360 Canada (July 31, 2025, 10:30 AM EDT) -- Christian Horner, the team principal of Red Bull Racing, was officially "sacked" on July 9, 2025, only three days after the 2025 British Grand Prix. It was an unexpected move and took effect immediately. It marked the end of his 20-year tenure as team principal and CEO. No reason was given for Horner's departure, so in Canadian employment law terms, he was dismissed without cause.



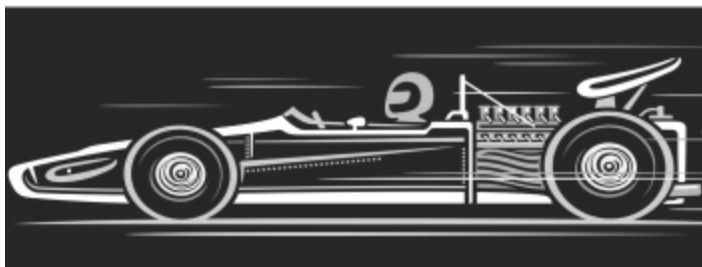
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The entire Formula One (F1) franchise is worth an estimated \$23.1 billion globally, and the Red Bull team is worth ballpark \$3.5 billion — the third most valuable. There are currently only 10 F1 teams, each with two drivers — a very elite industry. That's a lot of money on the table in a crowded and ultra-competitive field of F1 racing where all teams and drivers are battling for nanoseconds for one of three spots on the podium.

As a Canadian executive employment lawyer and F1 fan, I thought it would be interesting and instructive to look at Christian Horner's situation through the lens of Canadian employment law.

Why was Horner 'sacked'?

The consensus from analysts, former drivers and insiders is Horner's sacking, as are the dismissals of so many



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executives, wasn't in response to any single issue, but rather the cumulative impact of various concerns, including performance collapse, internal politics, reputational strain and pressure from driver Max Verstappen's father and Red Bull GmbH shareholders, which made Horner's position untenable by mid-2025. Media reports and expert analysis point to several interconnected factors:

1. Declining on-track performance

The 2025 season saw a sharp downturn: Red Bull plummeted to fourth in the Constructors' Championship, trailing rivals like McLaren and Mercedes by more than 280 points. Max Verstappen secured just two wins and sat 69 points off the championship lead.

2. Power struggles inside the team

Following the death of co-founder Dietrich Mateschitz in 2022, internal alliances shifted. Horner lost support from Thai shareholder Chalerm Yoovidhya and reportedly came into conflict with influential figures like Helmut Marko and the Verstappen camp — particularly Max's father, Jos, who publicly warned that the team would "explode" with Horner in charge.

3. Exodus of key talent

Exits included design legend Adrian Newey, sporting director Jonathan Wheatley and head of strategy Will Courtenay — many observers attributed their departures to growing instability under Horner's leadership.

No question, the role of a CEO is to get collaboration and get everyone going in the same direction.

4. Lingering reputational damage

In early 2024, Horner faced allegations of inappropriate and coercive behaviour from a female employee. Though cleared by two independent internal investigations, the scandal damaged his reputation and intensified scrutiny within the organization.

What we know about Horner's executive employment contract

1. Executive employment contract duration

Remarkably, Horner seems to have had a single executive employment contract that was signed in 2005 when he became team principal. Horner's agreement reportedly extended through the end of 2030, leaving him with more than five years remaining at the time of his dismissal on July 9, 2025.

In the Canadian context, a 25-year executive employment contract is very long and highly unusual. This is for the simple reason that the default position of the law is that the early termination of an employment contract with a fixed end date requires the payment of the entire balance of the contract, without requiring the employee to account for mitigation. While an employment contract can reduce this liability significantly, the magnitude of the potential risk discourages the use of such contracts.

However, such a long-term contract may be indicative of the specialized nature of F1 racing. So, management is keen to hang on to executives who have proven they can win championships — and the reverse is also true.

2. Annual compensation outlined in the executive employment contract

Horner's 2023 compensation as a Red Bull Technology director was approximately 8.9 million pounds, a figure believed to have increased further in early 2024 or 2025, according to *Newsweek*. Other sources suggest the range may have been closer to nine to 12 million pounds per year.

As with many executives, with proven results come higher base compensation, plus performance bonuses and other perks.

If Horner had been dismissed without cause and entitled to common law notice, there is no doubt his significant compensation, service and the nature of his employment would have catapulted him to the upper reaches of notice periods. In fact, it is likely that his position would have been so extraordinary that the 24-month cap on notice that applies to most employees would almost certainly have been ignored.

3. Severance payout of the executive employment contract

With over five years left on the executive employment contract and based on his salary trajectory, media estimates place Horner's severance somewhere between 50 and 60 million pounds (about US\$67-80 million) if the full contract value is honored, according to *Motorsport Week*. These figures reflect either negotiations in progress or rumours regarding the likely payout from Red Bull. Sacked "with immediate effect" certainly does not leave room to believe the decision was mutual and negotiated.

Generally, in Canada, the severance terms of an executive employment contract are established at the time of hire, or at least in an employment contract negotiated well before the dismissal. However, uncertainty about the enforceability of contractual terms, as well as the impact of other contracts, such as stock-option and long-term incentive plans, mean that severance negotiations are rarely as simple as simply following the contract.

Depending on the circumstances that led to the firing, there could be other claims under other legal theories, such as defamation or human rights concerns, which could increase an employer's exposure. It is likely that Red Bull's dismissal of Horner was done in a way that Red Bull's counsel believed positioned the team in the best position to negotiate a final agreement with Horner.

4. Performance-related clauses

Some reports suggest Horner's contract may have included a performance clause, potentially linked to the competitiveness of Red Bull's 2026 engine development program — a project he was reportedly overseeing.

One question that often arises in executive employment terminations is whether the executive will be entitled to incentive-based compensation for projects or results underway but not finished during their tenure. The answer to this question will depend on the executive's contract, as well as the plan that is in place. With that said, it is common for most employers to not offer compensation under such plans in their initial offer. This is frequently an important, and valuable, component of the negotiation of termination packages.

5. 'Gardening leave' and other non-compete clauses

In the U.K., "gardening leave" is when an employer asks an employee to stay away from the workplace during their notice period, but they are still paid and employed. While there is nothing inherently problematic about "gardening leave" clauses in Canadian law, Canadian employers tend to prefer more straightforward "non-competition" agreements to prevent their executives from immediately joining direct competitors.

After being relieved of duties on July 9, 2025, Horner was placed on "gardening leave" — a standard clause in F1 executive employment contracts preventing immediate moves to a rival team. That leave is expected to extend until the end of the year, with any new assignment in F1 unlikely before January 2026. It is not clear whether, if he joins a competitor, it would impact the compensation he is owed by Red Bull.

And at that level of achievement, the likelihood of pitching his services to one of the other nine F1 teams is excellent, unless he really does want to take up gardening.

Frank Portman is an employment lawyer at Massey LLP. His specialty is executive employment law where he assists presidents, vice-presidents and other C-level executives and the organization seeking to hire their talents to complete the deal through effective executive employment contracts.

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