

BOARD OVERVIEW CONTINUED**JAMES MITCHELL**

James is Chief Strategy Officer at Tencent and was invited to join the Board in 2017 following Tencent's £17.7 million strategic investment in Frontier. Tencent owns approximately 9% of Frontier's issued share capital. The Board does not consider that this shareholding encumbers James' ability to make independent, effective decisions that benefit the long-term success of the Company. Tencent is one of the largest companies in the world and it has a broad and diverse range of interests.

BOARD COMMITTEES

The Committees report regularly to the Board on the performance of the activities they have been assigned.

AUDIT COMMITTEE

The Audit Committee comprises only independent Non-Executive Directors; its members are David Gammon (Committee Chair) and Charles Cotton. The Committee is supported by Alex Bevis, CFO and Company Secretary.

The Audit Committee determines the terms of engagement of the Company's Auditor and, in consultation with the Auditor, the scope of the audit. It will receive and review reports from management and the Auditor relating to the interim and annual accounts as well as the accounting and internal control systems in use by the Company and Group. The Audit Committee has unrestricted access to the Company's Auditor. The Audit Committee also reviews accounting and treasury policies, financial reporting including key performance indicators and supporting key areas of management judgements, and corporate governance standards. The Audit

Committee is open to attendance by any Director and reports its key issues at Board meetings.

In the financial year to 31 May 2018 the Audit Committee met on three occasions, and all three meetings were attended by the external Auditor (Grant Thornton).

Key areas of activity

- Financial reporting
- Internal control and risk management reviews
- External audit
- Significant audit issues
- Treasury policy and foreign exchange risk review

REMUNERATION COMMITTEE

The Remuneration Committee comprises only independent Non-Executive Directors; its members are David Gammon (Committee Chair) and Charles Cotton. The Committee is supported by Alex Bevis, CFO and Company Secretary, and Yvonne Dawes, HR Manager.

The Remuneration Committee reviews the scale and structure of the Executive Directors' future remuneration and the terms of the service agreements with due regard to the interests of shareholders. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

The Remuneration Committee also approves annual salary review limits, bonus schemes and payment limits, in addition to significant employee benefits, such as pensions, medical insurance and share option schemes.

In the financial year to 31 May 2018 the Remuneration Committee met on five occasions.

Key areas of activity

- Review of Director remuneration against benchmark data
- Review of staff benefits through employee surveys and benchmarking
- Equity scheme establishment; Sharesave and LTIP
- Pension planning and execution
- Bonus scheme assessment and implementation

NOMINATIONS COMMITTEE

The Nominations Committee comprises David Gammon (Committee Chair), Charles Cotton and David Braben.

The Nominations Committee reviews the constituents of the Board and its Committees to ensure appropriate balanced representation.

In the financial year to 31 May 2018 the Nominations Committee met on two occasions.

Key areas of activity

- Assessment of the need for further Non-Executives
- Appointment of James Mitchell as Non-Executive Director
- Review of senior positions required to strengthen the organisation and succession planning

AUDITOR INDEPENDENCE

Frontier Developments' external Auditor is Grant Thornton UK LLP, who has served the Company since 2012. The external audit function provides independent review and audit. It is the responsibility of the Audit Committee to review and monitor the external Auditor's independence, objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements as well as developing and implementing policy on the engagement of the external Auditor to supply non-audit services.

The Audit Committee monitors procedures to ensure the rotation of external audit partners every five years and audit managers every seven years. James Brown of Grant Thornton has been the audit partner since 2017 (the first period of his tenure being for the 12 months ended 31 May 2017).

SENIOR MANAGEMENT AND GROUP FUNCTIONS

Frontier's senior management is involved in multiple functions within the Company.

It is responsible for reviewing the overall organisational structure of the Company, as well as refining and implementing the recruitment and retention programme in order to identify and hire the right candidates as required in addition to retaining existing staff members.

INTERNAL CONTROL AND ASSESSMENT OF BUSINESS RISK

The systems for internal control and risk management processes are designed to manage and mitigate risks that may impact achievement of the Company's strategic objectives. Such systems can only provide a reasonable but not absolute level of assurance against material misstatement or loss.

Project and departmental risks are assessed and presented at weekly progress meetings.

Strategic risks are regularly reviewed by the Board and a Corporate Risk Register (CRR) is maintained.

The Company's overall risk assessment process is facilitated by the COO, who runs weekly operational progress meetings and holds and appraises the Corporate Risk Register (CRR) with the Executive Directors at least once a year.

A further review is then undertaken with senior management and the CRR itself is updated for the executive team to consider.

Once the review has concluded the revised CRR is forwarded to the Audit Committee, which assesses the updated register and confirms the key risks. A proposal for updating the risks reported in the Annual Report is then drawn up; the Audit Committee will then take its recommendations to the Board on key risks and the reporting thereof.

CONTROL ENVIRONMENT AND INTERNAL AUDIT

The Group has established operating procedures appropriate to its size and structure for reporting both financial and non-financial information to the Board.

These include, but are not limited to:

- operating guidelines and procedures with approval limits;
- accounting policies, controls and procedures;
- performance monitoring systems updated monthly for review at Board meetings; and
- regulatory and legal changes that may materially impact on the business.

Due to the Executive Directors' close involvement in business activities, the Group does not currently believe that an internal audit function would be cost effective. The Audit Committee considers the need annually and will advise the Board as and when it feels this position is required.

INVESTOR RELATIONS

The Company places considerable importance on communication with shareholders and maintains regular contact with both current and potential shareholders through investor roadshows linked to annual and interim results, investor conferences and ad-hoc meetings and conference calls. In addition to externally located meetings, the Company also hosts investors for on-site meetings. Investor relations activity is led by the CFO, and meetings are typically presented by the CEO and CFO. The Chairman regularly meets with investors as required and the other Directors also participate in investor activity.

The Company's website has a dedicated investor page which contains the latest information including the most recent results presentation.

ATTENDANCE AT MEETINGS DURING THE PERIOD

	Board	Remuneration Committee	Nominations Committee	Audit Committee
Number of meetings	●●●●●●●●	●●●●●	●●	●●●
David Gammon	●●●●●●●●	●●●●●	●●	●●●
David Braben	●●●●●●●●	—	●●	—
David Walsh	●●●●●●●●	—	—	—
Alex Bevis	●●●●●●●●	—	—	—
Jonathan Watts	●●●●●●●●	—	—	—
Charles Cotton	●●●●●●●●	●●●●●	●●	●●●
James Mitchell	●●●●●●●●	—	—	—