



largest companies in the world and it has a broad and diverse range of interests.

DAVID WALSH

At the AGM in October 2018 David Walsh transitioned from an Executive role as Chief Operating Officer to a Non-Executive Director role, in order to focus his attention on a start-up opportunity outside the games industry as Investor Director of Pre-Cleared Limited. David's knowledge of Frontier and the games industry, combined with his 25 years' experience of engineering and commercial management roles in high-growth technology companies, provides significant value to Board discussions and decisions.

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), Charles Cotton and David Walsh. 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 2020 the Audit Committee met on three occasions and all the meetings were attended by the external Auditor (Grant Thornton in August 2019 and Ernst & Young in October 2019 and January 2020).

Key areas of activity

- Financial reporting
- Internal control and risk management reviews
- External audit performance review, including the appointment of Ernst & Young as Auditor for FY20
- Significant audit issues
- Changes in standard for accounting and financial reporting
- 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), Charles Cotton and David Walsh. The Committee is supported by Alex Bevis, CFO and Company Secretary, and Yvonne Dawes, Head of HR.

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 2020 the Remuneration Committee met on two occasions.

Key areas of activity

- Review of Directors' remuneration against benchmark data
- Review of staff benefits through employee surveys and benchmarking
- Review of equity schemes including Sharesave and LTIP
- Pension planning and execution
- Bonus scheme assessment and implementation

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	●■■■●●●●●■	--	--	---

Key

- Attended meeting
- Absent from meeting
- Not on Committee



CORPORATE GOVERNANCE REPORT CONTINUED FOR THE YEAR ENDED 31 MAY 2020

BOARD COMMITTEES CONTINUED

NOMINATIONS COMMITTEE

The Nominations Committee comprises David Walsh (Committee Chair), David Gammon, 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 2020 the Nominations Committee met on two occasions.

Key areas of activity

- Board composition and the assessment of the need for further Non-Executives
- Review of senior positions required to strengthen the organisation and succession planning

AUDITOR INDEPENDENCE

Frontier Developments' external Auditor is Ernst & Young LLP, which has served the Company since 2019. 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 and 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.

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 Director of Operations, 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.