

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

Overview

As Chairman of the Board of Directors of Keywords Studios plc (**Keywords** or the **Company/Group** as the context requires), it is my responsibility to ensure that Keywords has both sound corporate governance and an effective Board. Keywords has decided to adopt the Quoted Companies Alliance Corporate Governance (**QCA Code**) and this report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Company complies with the QCA Code in all respects.

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business in which we all believe, including a commitment to open and transparent communications with stakeholders. We believe that good corporate governance improves long-term success and performance.

During the year, the Company has improved its governance functions through the incorporation of a Nominations Committee and the appointment of a Senior Independent Director. The Company's Remuneration Committee now also comprises only Independent Non-Executive Directors.

QCA Principles

1. Establish a strategy and business model which promotes long-term value for shareholders

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders by the adoption of a single strategy for the Company: to be the "go to" global service delivery platform for the video games industry. To achieve this vision, the Company aims to grow organically and by acquisition to extend the Group's client base, service lines and geographical penetration, and use its existing expertise, multi-service platform, scale and global reach to generate synergies in the highly fragmented games service industry. The Company has implemented remuneration policies that reinforce this strategy, by rewarding Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders. There is also an externally facilitated annual strategy conference which senior management attend. Keywords' business model is stated on pages 12-13 of our 2017 Annual Report, and strategy is explained in detail on pages 10-13. See Link. <https://www.keywordsstudios.com/investors/reports-and-presentations/>

The Company intends to deliver shareholder returns through both capital appreciation (by increasing earnings per share and the quality of earnings) and distribution via dividends. Challenges to delivering capital appreciation include uncertainty in relation to acquisition performance, although the Board takes steps to mitigate this risk. Other challenges to the execution of the Company's strategy and Business Model are highlighted in the Risk Management section below.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with shareholders by providing effective communication through our Interim and Annual Reports along with Regulatory News Service announcements. We also use the Company's website, www.keywordsstudios.com, for both financial and general news relevant to shareholders. The

Executive Directors meet shareholders and other investors/potential investors at regular intervals during the year and host broker and analyst meetings from time to time.

The Board keeps in mind the proportions of direct, nominee and institutional shareholders, and distributes communications accordingly. The Executive Directors also meet major shareholders regularly within the results cycle, and the whole Board attends the AGM. The AGM is regarded as an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. In addition, the Company receives reports from Institutional Shareholder Services (ISS) on corporate governance and general meeting shareholder voting recommendations, and seeks feedback from other key stakeholders, taking action where appropriate.

The Company's Nominated Adviser and Broker, Numis Securities Limited, is briefed regularly and updates the Board during the year on shareholder expectations.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees of the Group and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships.

The Company prepares strategic plans which includes an extensive exercise by the separate businesses to identify their key resources and relationships and how best to manage and develop them. These strategic plans in turn, inform the budgeting process. The businesses take into account a wide range of key resources including staffing and technology resources required during this exercise.

Everyone within the Group is a valued member of the team and our aim is to help every individual achieve their full potential. We offer equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion and sexual orientation. The Group has implemented a Group-wide policy to conduct employee engagement surveys, which seek to understand any issues within the workforce.

Joint business plans are agreed with businesses joining the Group with contributions from all involved parties, thereby facilitating a two-way communication channel with agreement on goals, targets and aspirations of the Company and its related parties. This provides them with the opportunity to raise issues and provide feedback. These feedback processes help to ensure that the new issues and opportunities that arise can be used to further the success of the Group.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. The Company conducts frequent customer feedback surveys, which broadens communication whilst simultaneously embracing influential developers and producers in the games industry, and determining Company perception.

The Group has no significant environmental or community impact, but will continue to monitor and take action if this changes in the future.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and, whilst it oversees and regularly reviews the current risk management and internal control mechanisms, it has delegated this responsibility primarily to the Audit Committee and senior management. The 2017 Annual Report also outlines the key risks to the business, see pages 30-31. The status of the key risks are shared regularly with the Board, and the Board thoroughly reviews the Company's risk register on an annual basis.

The review process involves the identification of risks, both standard industry-related risks and risks against related opportunities, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of what needs to be done to manage them effectively. Risk management is integral to the ability of the Group to deliver on its strategic objectives.

The system of internal control is structured around an assessment of the various risks to the business and is designed to address those risks that the Board considers to be material. It acts to safeguard assets against unauthorised use or disposition and to maintain proper accounting records which produce reliable financial and management information. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems. These continue to evolve as the Group develops and expands.

The risk assessment matrix below sets out and categorises these risks, outlining the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them have been identified:

Activity	Risk	Impact	Control(s)
Internal Risk	Acquisitions	Adverse consequences such as management distraction, disposal and reduced profit	The Company involves a broad number of senior managers in the acquisition and integration process, building on the considerable experience that exists at Board level thus providing further bandwidth to identify, execute and integrate acquisitions
External Risk	Exposure to large clients	The Company's top 5 client accounts for a significant portion of the business, and any breakdown in these relationships could damage the business	The Company has a highly flexible resource base, and its expansion continues to reduce its exposure to any single large client
Financial Risk	Adequate financial and operational controls	Error or fraud, leading to a loss in reputation, business partners and customers	The Company has invested and continues to invest in its financial reporting functions to facilitate strong reporting and management control as it

The Board has recently recognised the need for an internal audit system, given the recent growth of the Company, and is in the process of recruiting an internal auditor. The internal auditor will report to the Audit Committee and consequently to the Board on the effectiveness of the Company's internal control processes, governance and risk management processes, as well as supporting the development and maintenance of these processes. The internal auditor will also have flexibility to raise and respond to any new issues that may arise.

The Board regularly reviews the mechanisms of internal control it has implemented, assessing for effectiveness.

5. Maintain the board as a well-functioning, balanced team led by the Chair

The Board comprises the CEO, Andrew Day, the CFO, David Broderick, 1 Non-Independent Non-Executive, Giorgio Guastalla, and 4 Independent Non-Executives, Georges Fornay, Charlotta Ginman, Ross Graham and David Reeves. David Reeves is the Company's Senior Independent Director (**SID**), and Ross Graham is the Company's Chairman. Biographical details of the Directors can be found here: <https://www.keywordsstudios.com/investors/board-of-directors/>. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All the Non-Executive Directors are expected to dedicate at least 30 days per annum to the Company, rising to 40 days if they also chair a Committee, and the Chair is expected to dedicate 60 days per annum. The Company has adopted a policy whereby all members of the Board are subject to re-election at each AGM.

Meetings are open and constructive, with every Director participating fully. Senior management can frequently be invited to meetings, providing the Board with a thorough overview of the Company.

The Board meets a minimum of 8 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board and Committee document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated by the relevant personnel (Chair, Company Secretary, CFO, Committee Chair), compiled into a Board/Committee Pack, and circulated at least one week before meetings, allowing time for full consideration and necessary clarifications before the meetings. The Board is also in the process of moving across to a fully-functioning Board Portal, which will seek to provide timely and efficient distribution of Board and Committee papers as well as an effective means of Communication for the Board.

In order to improve the quality of information, the Audit Committee are in the process of expanding appropriate KPI's to identify key trends within the Group. Following this, precise, accurate and comparable data will be provided to the Board on a regular basis

The Company has Audit, Remuneration, Nomination and Disclosure Committees. Terms of reference for the each of the Company's Committees are published on the Group's website, <https://www.keywordsstudios.com/investors/corporate-governance/>. The Committees have the necessary skills and knowledge to discharge their duties effectively.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors have both a breadth and depth of skills and experience to fulfil their roles. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. Details of the Directors' experience and areas of expertise are outlined on pages 32-33 of the 2017 Annual Report. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings.

In addition to their general board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise.

The Company has employed the services of Liam O'Donoghue of ONE Advisory Group Limited to act as the Company Secretary, who is responsible for ensuring that Board procedures are followed, as well as helping the Chairman maintain excellent standards of corporate governance.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board has recently designed and implemented a formal annual internal Board and Committee evaluation exercise. This is the first year that the Board has undertaken a formal exercise, with the evaluation process hitherto comprising of one on one meetings between the Chair and individual Board members. For the Committee evaluation exercise, objective criteria evaluating behaviour, e.g. quality of interaction, and processes, e.g. timely provision of relevant information and decision making, have been established and will be assessed through use of plc standard questionnaires. For the Board evaluation exercise, the Company Secretary and Chairman have developed bespoke questionnaires for the Board and individual Director review. The Board evaluation exercise is led by the Chairman of the Board. The areas of evaluation covered include Board structure and knowledge, operating effectiveness, operating efficiency, quality of information and ongoing professional development. Individual reviews of Non-Executive Director performance will also be carried out by the Chairman, and the Non-Executive Directors will undertake a review of the performance of the Chairman.

Responses will be received, recorded and circulated in a timely fashion, identifying positive areas and areas for improvement, and the Board will identify steps to ensure it is operating at its full potential. The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Targets will be addressed during the 2018/19 financial years and will be used to assess the progress of the Board in future evaluation exercises.

The Nominations Committee, comprised entirely of independent Non-Executive Directors, regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board, considers succession planning and oversees the process to fill Board vacancies. The Nominations Committee also keeps key positions outside the main board and other personnel considered critical to the business under review; such positions include that of

the COO and regional managing directors. Going forward, findings from the Company's annual evaluation exercise and one on one reviews will inform the Nominations Committee's succession planning discussions.

In addition, the Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short term bonus and long-term incentives (with targets consistent with the corporate strategy). The findings from annual evaluations and the achievement of financial and non-financial targets/goals discussed thereat will also be taken into account by the Remuneration Committee in relation to recommendations to be made in respect of adjustments to executive remuneration.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

Our culture acts as the glue that binds our staff around the world together – relaxed, professional and humble with a focus on doing the very best we can for each project entrusted to us. Group culture is at the centre of everything we do and ensuring the companies we acquire are aligned with the Keywords culture is a crucial step in our integration process. We have developed a set of guidelines, which we call "The Keywords Rule of Nine", which sets out our culture:

- We communicate openly
- We focus on projects
- We act as an extension of our clients
- We empower our people
- We are passionate about games
- We love our clients
- We have a "can do" attitude
- We recognise the importance of flexibility
- We learn at every opportunity

With each new acquisition, we deploy our Integration Memorandum, a unified communication package delivered by an existing member of the Keywords executive team, in order to ensure a smooth transition. This ensures that our culture is consistent throughout the Group, and also facilitates two-way communications.

A large part of the Group's activities are centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Group operates a whistleblowing policy to facilitate the reporting by employees of suspected misconduct, illegal acts or failure to act within the Group. The aim of this Policy is to encourage employees and others who have serious concerns about any aspect of the Group's work to come forward and voice those concerns.

The Group also promotes employee engagement and receives feedback from employees through employee commentary and reviews.

The annual survey of employee engagement currently in the process of being implemented will determine if ethical values and the Company's corporate culture are recognised and respected, and seek to understand any underlying issues with the workforce.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board reviews our corporate governance arrangements regularly and expects to evolve these over time, in line with the Group's growth. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chairman being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Company's business and being the primary contact with shareholders.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman is also responsible for the Company's Corporate Governance framework. He is also responsible for creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Executive Directors are responsible for the day-to-day running of the business and developing corporate strategy; while the Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. A document outlining the split between the responsibilities of the CEO and the Chairman can be found here: <https://www.keywordsstudios.com/investors/corporate-governance/>

The role of the SID is to serve as a sounding board for the Chairman and act as an intermediary for other Directors. The SID is also available to shareholders if they have reason for concern that contact through the normal channels of the Executive Directors has failed. The SID is responsible for holding annual meetings with Non-Executives, without the Chairman present, to appraise the Chairman's performance.

The Board has adopted appropriate delegations of authority which sets out matters which are reserved to the Board. A schedule of specific matters reserved for the Board can be found here <https://www.keywordsstudios.com/investors/corporate-governance/>, with matters including:

- Strategy and Management
- Approval of major capital expenditure
- Financial reporting, Risk Management and internal controls
- Contracts, including potential acquisitions
- Corporate Governance
- Approval of annual budgets
- Approval of annual reports

- Dividend recommendations and policy

The Board delegates authority to four Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

Audit Committee

The Audit Committee has 4 members, Charlotta Ginman (Chair), Ross Graham, Georges Fornay and David Reeves. The CEO, CFO and external auditors attend meetings by invitation. The Audit Committee is responsible for assisting the Board in fulfilling its financial and risk responsibilities. The Audit Committee oversees the financial reporting, risk management and internal control procedures. The Audit Committee advises the Board on the appointment and removal of the external auditor and discusses the nature, scope and results of the audit with the auditors. The Audit Committee reviews the extent of non-audit services provided by the auditors and reviews with them their independence and objectivity. In the year ended 31 December 2017, the Audit Committee met on six occasions.

Going forward, there will be an Audit Committee Report in the Company's Annual Report.

Remuneration Committee

The Directors' Remuneration Report and Directors' Remuneration Policy Report is set out on pages 37-40 of the 2017 Annual Report. The Remuneration Committee has 3 members, David Reeves (Chair), Charlotta Ginman and Ross Graham. The members are all Independent Non-Executive Directors. Other members of the Board may attend the Committee's meetings at the request of the Committee Chairman. The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and the Senior Management of the Group. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their terms of employment and remuneration, including short term bonus and long-term incentives. The Remuneration Committee also considers the granting of share options pursuant to the Company's share option scheme. The Remuneration Committee meets not less than twice a year. In the year ended 31 December 2017, the Remuneration Committee met on three occasions.

Nominations Committee

The Nominations Committee has 3 members, Ross Graham (Chair), Charlotta Ginman and David Reeves, and the CEO attends meetings by invitation. The Nominations Committee regularly reviews the structure, size and composition required of the Board compared to its current position, makes recommendations to the Board, considers succession planning and nominates candidates to fill Board vacancies. The Nominations Committee also keeps key positions outside the main board and other personnel considered critical to the business under review, including that of the COO and regional managing directors. The Nominations Committee meets at least twice per year, and otherwise as necessary to consider proposals for Board appointments and other matters.

Disclosure Committee

The Disclosure Committee is made up of the Company's two Executive Directors, Andrew Day and David Broderick and three Non-Executive Directors, being Ross Graham, David Reeves or Charlotta Ginman. The Disclosure Committee requires a quorum of two, which must include at least one Independent Non-Executive Director. The Disclosure Committee has been established to assist in the design, implementation and evaluation of the Company's disclosure controls and procedures. The Committee determines whether any information is price sensitive or inside information, and

periodically reviews the Company's disclosure procedures. The Disclosure Committee meets as and when required.

Terms of Reference for each of the Committees can be found here <https://www.keywordsstudios.com/investors/corporate-governance/>

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. The Company aspires to have a close ongoing relationships with its private shareholders, institutional shareholders and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company receives reports from ISS, reviews their findings and meets with same to discuss shareholder matters. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Details of the Company's latest AGM results can be found here: <https://www.keywordsstudios.com/investors/reports-and-presentations/>. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents (including Annual Reports and Presentations) can be found here: <https://www.keywordsstudios.com/investors/reports-and-presentations/>.

Investors also, will have access to current information about the Company though its website, www.keywordsstudios.com. The Company uses electronic communications with shareholders in order to maximise efficiency.

Ross Graham

Chairman – 25 September 2018