

## **CORPORATE GOVERNANCE STATEMENT**

**Unibet Group plc is the Parent Company of the Unibet Group, incorporated and registered in Malta and listed on Nasdaq Stockholm through Swedish Depositary Receipts, SDRs, issued by Skandinaviska Enskilda Banken AB (publ).**

Foreign companies whose shares or depositary receipts are admitted to trading on a regulated market in Sweden are required to apply either the Swedish Code, or the corporate governance code in force in the country where the company has its registered office, or the code of the country in which its shares have their primary listing.

If the Company does not apply the Swedish Code, it must include a statement describing in which important aspects the Company's conduct deviates from the Swedish Code.

The Board of Directors of Unibet Group plc decided from the first listing date at the Nasdaq Stockholm, as far as practical, to apply the principles of the Swedish Code.

The following statement on pages 38 to 41 has not been audited.

### **The Board of Directors**

The Board of Directors and the Management of Unibet are structured in accordance with the European two-tier system with a Chief Executive Officer (CEO), who is subordinate to the Board of Directors, who is in turn elected at the Annual General Meeting (AGM).

The following Directors elected at the AGM on 20 May 2014 served during theyear and subsequently, unless otherwise stated:

**Anders Ström**  
**Chairman**

**Nigel Cooper**  
**Nonexecutive Deputy Chairman**

**Kristofer Arwin**  
**Nonexecutive**

**Sophia Bendz**  
**Nonexecutive**

**Peter Boggs**  
**Nonexecutive**

**Peter Friis**  
**Non-executive**

**Stefan Lundborg**  
**Non-executive**

All Directors will seek re-election at the forthcoming AGM. The emoluments and interests of the Directors are shown on page 45.

The Board of Directors of Unibet Group plc is collectively responsible for the success of the Group and for its corporate governance and aims to provide entrepreneurial leadership of the Group within a framework of prudent and effective financial controls that enable risk to be assessed and managed.

As outlined on page 36 the Board comprises the Chairman and six Directors, of which all are independent Non-executive Directors. The Swedish Code identifies the fundamental importance of independent Non-executive Directors in ensuring the objective balance of a Board, and sets out criteria to be considered in determining the independence of Non-executive Directors. In accordance with Provision 4.4 of the Code, the Board considers Kristofer Arwin, Sophia Bendz, Peter Boggs, Nigel Cooper, Peter Friis and Stefan Lundborg to be independent Non-executive Directors. Anders Ström is Chairman of the Board and also fulfilled extra responsibilities as Chairman of the Kambi Advisory Committee until May 2014.

Brief resumés of the Board and Chief Executive Officer can be found on page 37.

To ensure effectiveness, the Board's composition brings together a balance of skills and experience appropriate to the requirements of the business. The composition of the Board and recommendations for the appointment of Directors are dealt with by the Nomination Committee and its activities are set out on page 40.

The Board is responsible to the shareholders for the Group's overall strategy and direction.

A formal schedule sets out those matters specifically reserved for the Board and its Committees. Those matters include decisions on Group strategy and direction, acquisitions, disposals and joint ventures, capital structure, material contracts, corporate governance and Group policies.

The Board and its Committees usually meet every second month throughout the year. The number of Board and Committee meetings attended by each of the Directors during the year can be seen in the table on the following page.

	Audit Nomination Remuneration			
	Board	Committee	Committee	Committee
Number of meetings held	5	4	8	5
<b>Name</b>				
Kristofer Arwin	5	4	—	—
Sophia Bendz <sup>2</sup>	3	—	—	—
Peter Boggs	5	—	—	5
Nigel Cooper, Deputy Chairman	4	4	—	—
Peter Friis <sup>2</sup>	2	—	—	—
Peter Lindell <sup>1</sup>	—	—	—	—
Stefan Lundborg	5	—	—	5
Anders Ström, Chairman	5	—	8	—

1 Peter Lindell resigned at the 2014 AGM.

2 Sophia Bendz and Peter Friis were appointed at the 2014 AGM.

The Board has a standard agenda, including receiving and considering reports from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) and from the Audit, Nomination and Remuneration Committees. Where appropriate, matters are delegated to the Audit, Nomination and Remuneration Committees, and reports on their activities are included within this corporate governance statement.

### **The working procedures of the Board of Directors**

The Board of Directors has adopted written instructions for the CEO. The roles of the Chairman and the CEO have been established in writing to ensure the clear division of responsibilities and this has been agreed by the Board. At least once a year the Board of Directors will review the strategy and visit the Group's different office locations. The Board has a short meeting without the CEO or CFO at each Board meeting.

The Chairman, supported by the Deputy Chairman, is responsible for: the leadership of the Board; setting its agenda and taking full account of the issues and concerns of all Board members; ensuring effective communication with shareholders; taking the lead on Director induction and development; encouraging active engagement by all Directors; and ensuring that the performance of individuals and of the Board as a whole, and its Committees, is evaluated regularly and usually once a year.

The Chairman ensures that the Board is supplied with accurate, timely and clear information. Directors are encouraged to update their knowledge and familiarity with the Group through meetings with Senior Management. There is an induction process for Non-executive Directors.

The Company Secretary is also responsible for advising the Board, through the Chairman, on all corporate governance matters. Directors are encouraged to seek independent or specialist advice or training at the Group's expense where this will add to their understanding of the Group in the furtherance of their duties.

In accordance with Provision 8.1 of the Code, the Board has a process to formally evaluate its own performance and that of its Committees. The performance of the Board and its Committees is the subject of Board discussion, led by the Chairman, to consider effectiveness against performance criteria and potential risks to performance. The performance evaluations of the Board have been structured in such a way as to ensure a balanced and objective review of Directors' performance.

Following these performance reviews, the Chairman is responsible for ensuring that the appropriate actions are taken. Evaluations are provided to the Nomination Committee and have helped in identifying Board performance objectives, as well as individual actions such as training.

The Board monitors potential conflicts of interest very closely and has implemented controls and policies to avoid conflicts involving any of the Group's Directors. These controls ensure that any Director with a potential conflict of interest does not participate or vote in key decisions impacting the Group.

### **Remuneration and Directors and Officers' Liability insurance**

The Annual General Meeting establishes the principles and the maximum amount of the Directors' fees. A Director can, during a short period of time, supply consultancy services, but only if this is more cost-effective and better than any external alternative. Any such consultancy fee is disclosed on page 45. None of the Directors hold share options issued by the Company. Unibet has taken out Directors and Officers' Liability insurance for the full year covering the risk of personal liability for their services to the Group. Cover is in place for an indemnity level of GBP 2 million in aggregate.

### **Audit Committee report**

The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management, and the appointment of auditors. The role of the Committee is set out in its written terms of reference.

The Committee, which met four times during the year, comprises two independent Non-executive Directors: Kristofer Arwin and Nigel Cooper. The Committee is chaired by Nigel Cooper, a senior finance professional who has extensive accounting and financial management expertise. Where appropriate, the Committee consulted with the Chairman of the Board, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) regarding their proposals. The external auditors also attended all of the meetings.

Responsibilities include monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance. The Committee has reviewed the Group's financial statements and formal announcements relating to the Group's financial performance before their presentation to the Board. In doing so, it considered accounting policies, areas of judgement or estimation, and reporting requirements, as well as matters brought to its attention by the external auditors. Formal risk management reports were presented twice to the Board during the year by the Group Risk Officer and at all meetings of the Audit Committee during the year.

The Committee is also responsible for reviewing the Group's systems of internal control and risk management, and determines the scope of work undertaken by the CFO, the General Counsel and the Group Risk Officer. It receives reports from the CFO, with whom the results are discussed on a regular basis. The Group Risk Officer reports to the Audit Committee as required.

The Internal Audit function is managed by the Group Risk Officer and currently reports to the Audit Committee. The Audit Committee agrees the scope of work of Internal Audit in advance and receives reports on completed projects.

Management is then responsible for taking actions on conclusions and recommendations from Internal Audit.

The Committee remains satisfied that the controls in place, and the review process overseen by the CFO, and the Group Risk Officer, are effective in monitoring the established systems.

The Committee is responsible for making recommendations to the Board in relation to the appointment of external auditors. It is responsible for monitoring the independence and objectivity of the external auditors, and for agreeing the level of remuneration and the extent of non-audit services.

During the year, PwC Malta and PwC London, reported to the Committee on their audit strategy and the scope of audit work. The Committee has reviewed the performance of PwC and the level of non-audit fees paid to PwC during the year. These are disclosed in Note 4 on page 65. The provision of non-audit services, except tax compliance and routine taxation advice, must be referred to the Committee where it is likely to exceed a pre-determined threshold of GBP 50,000. Any work that falls below that threshold must be pre-approved by the CFO. By monitoring and restricting both the nature and quantum of non-audit services provided by the external auditors, the Committee seeks to safeguard auditor objectivity and independence.

The Committee is also responsible for ensuring that an effective whistle-blowing procedure is in place.

The Board remains satisfied that the Group's systems of internal control and risk management, together with the work of the CFO, the General Counsel and the Risk Officer, is effective in monitoring, controlling and reporting the Group's risks.

### **Nomination Committee report**

The main responsibilities for the Nomination Committee are to review the structure, size and composition of the Board. The Nomination Committee is responsible for identifying and nominating candidates to fill Board vacancies as and when they arise. The Nomination Committee has written Terms of Reference to lead the process for Board appointments and make recommendations to the AGM thereon.

The Nomination Committee met eight times for the 2014 AGM. At the AGM on 20 May 2014, it was decided that the Nomination Committee for the AGM 2015 shall consist of not less than four and not more than five members, of which one should be the Chairman of the Board.

The Nomination Committee for the 2015 AGM consists of Evert Carlsson, Swedbank Robur Fonder (Chairman), Anders Ström, Johan Strandberg, SEB Fonder and Johan Ståhl, Lannebo Fonder.

### **Remuneration Committee report**

A report on Directors' remuneration and the activities of the Remuneration Committee is set out on pages 44 to 45 in the Annual Report.

### **Communication with investors**

In the interests of developing a mutual understanding of objectives, the Investor Relations Officer has met regularly with institutional investors to discuss the publicly disclosed performance of the Group and its future strategy. Institutional investors have also been able to meet the CEO, the CFO, line managers and other key persons of the Group.

The Board is kept informed of shareholder views and correspondence. Corporate and financial presentations are regularly made to fund managers, stockbrokers and the media, particularly at the announcement of interim and year end results. Links to webcast presentations are published on the Group's website. All shareholders are invited to attend the AGM, where they have the opportunity to put questions to the Directors, including the Chairmen of Board Committees.

At the AGM, separate resolutions are proposed for each substantially different issue to enable all of them to receive proper and due consideration. Notice of the AGM and related papers are posted on the Group's website between four and six weeks in advance of the meeting. Further information on the activities of the Group and other shareholder information is available via the Unibet Group's corporate website, [www.unibetgroupplc.com](http://www.unibetgroupplc.com).

## **The Board of Directors' report on internal control over financial reporting for the financial year 2014**

### **Introduction**

According to the Maltese Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been prepared according to the Swedish Code of Corporate Governance Provisions 7.4 and is accordingly limited to internal control over financial reporting. This report, which has not been reviewed by the auditors, is not part of the formal financial statements.

### **Description**

#### **a. Control environment**

The Directors have ultimate responsibility for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

#### **b. Risk assessment**

The Executive Committee is responsible for reviewing risks, and for identifying, evaluating and managing the significant risks applicable to their respective areas of business. Risks are reviewed and assessed on a regular basis by the CEO, the CFO, the General Counsel, the Group Risk Officer, the Audit Committee and the Board.

The effectiveness of controls is considered in conjunction with the range of risks and their significance to the operating circumstances of individual areas of the business.

#### **c. Control activities**

The Board is responsible for all aspects of the Group's control activities.

The Audit Committee assists the Board in its review of the effectiveness of internal controls and is responsible for setting the strategy for the internal control review. In doing so, it takes account of the organisational framework and reporting mechanisms embedded within the Group, and the work of the General Counsel, and the Group Risk Officer.

Working throughout the Group, the role of the General Counsel and the Group Risk Officer is to identify, monitor, and report to the Board on the significant financial and operating risks faced by the Group to provide assurance that Unibet meets the highest standards of corporate governance expected by its stakeholders.

#### **d. Information and communication**

The Board receives regular formal reports from Executive Committee concerning the performance of the business, including explanations for material variations from expected performance and assessments of changes in the risk profile of the business that have implications for the system of internal control. In particular the Board receives direct periodic reports from the General Counsel and the Group Risk Officer.

The Board also takes account of the advice of the Audit Committee, reports received from the external auditors, and any other related factors which come to its attention.

#### **e. Monitoring**

Further information concerning the activities of the Audit Committee in relation to the monitoring of Unibet's internal controls, including the review of the financial reports published quarterly and reports from the internal audit function, is contained in the Audit Committee report on page 40 in the Annual Report.

On behalf of the Board

Malta, 13 March 2015

#### **Anders Ström**

Chairman and Director

#### **Nigel Cooper**

Director

#### **Statement of Compliance with the Swedish Code of Corporate Governance**

Unibet does not comply with Provision 7.3 of the Code, which requires the Audit Committee to have at least three members. Unibet considers that the Audit Committee as presently constituted is effective in meeting the requirements of the EU's 8th Company Law Directive.

No separate auditors' report on the corporate governance is required under the Maltese regulations since the Corporate Governance statement is being voluntarily prepared in line with principles of the Swedish Code.

With the exception of the matters noted above, the Directors believe that they are in compliance with the Swedish Code of Corporate Governance.

