

# CORPORATE GOVERNANCE STATEMENT

Unibet Group plc is incorporated and registered in Malta and listed on NASDAQ OMX Nordic Exchange in Stockholm.

Foreign companies whose shares or depositary receipts are admitted to trading on a regulated market in Sweden do not need to apply the Swedish Code.

However, with effect from 1 January 2011, these companies will be required to apply the Swedish Code, 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, the company is to include a statement describing in which important aspects the company's conduct deviates from the Swedish Code in, or adjacent to, its first corporate governance.

The Board of Directors of Unibet Group plc decided already from the first listing date at the NASDAQ OMX Nordic Exchange in Stockholm to apply to principles of the Swedish Code.

The following statement on pages 40 to 42 has not been audited.

## **DIRECTORS**

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 65, the Board comprises the Chairman and five 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, Peter Boggs, Nigel Cooper, Peter Lindell and Stefan Lundborg to be independent Non-executive Directors. Anders Ström is Chairman of the Board.

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 the following page.

The Board is responsible to the shareholders for the Group's overall strategy and direction and it usually meets on a quarterly basis throughout the year.

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 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.

The Board has a standard agenda, including receiving and considering reports from the Chief Executive Officer and the Chief Financial Officer on the Group's operational performance, finances, ongoing strategy and risk profile, all of which are considered at the quarterly meetings. Where appropriate, matters are delegated to the Audit, Legal, Nomination and Remuneration Committees, and reports on their activities are included within this corporate governance statement.

Brief résumés of the Board and CEO can be found on page 67.

### **THE WORKING PROCEDURES OF THE BOARD OF DIRECTORS**

The Board of Directors has adopted written instructions for the Chief Executive Officer. The roles of the Chairman and the Chief Executive Officer 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. Normally the Board has a short meeting without the management, CEO or CFO in conjunction with each Board meeting.

The 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 at least 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. As part of the induction process, an induction pack is provided to non-executive Directors.

All Directors have access to the company secretary who is responsible for ensuring good information flows within the Board and its Committees and between Senior Management and 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 has been 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 by using a system of questionnaires intended to stimulate discussion of factors including performance and commitment.

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

### **REMUNERATION AND DIRECTORS AND OFFICERS LIABILITY INSURANCE**

The general meeting establishes the principles and the maximum amount of the Directors' fees. Employees cannot receive Director's 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 will be disclosed in the Annual Report. None of the Directors holds share options issued by the Company. Unibet has taken out Directors and Officers Liability insurance covering the risk of personal liability for their services to the Group. Cover is in place for an indemnity level of GBP 1 million.

## **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 to review the interim reports etc, comprises two independent non-executive Directors; Kristofer Arwin and Nigel Cooper. Nigel Cooper replaced Staffan Persson who resigned at the 2010 AGM in May 2010. 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 and the Chief Financial Officer regarding their proposals. The external auditors also attended three 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 judgment or estimation, and reporting requirements, as well as matters brought to their attention by the external auditors.

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 Chief Financial Officer, the Group Regulatory Compliance Officer and the Security Officer and the Head of Trading. It receives reports from the Chief Financial Officer, with whom the results are discussed on a regular basis. The Group Regulatory Compliance Officer and the Security Officer report to the Audit Committee as required.

The Committee remains satisfied that the controls in place, and the review process overseen by the Chief Financial Officer, the Group Compliance and the Security Officer and the Head of Trading, 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, PricewaterhouseCoopers (Malta) and PricewaterhouseCoopers LLP (UK) ('PwC'), 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 55. 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 Chief Financial Officer. 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 Board remains satisfied that the Group's systems of internal control and risk management, together with the work of the Chief Financial Officer, the Group Regulatory Compliance and the Security Officer and the Head of Trading, is effective in monitoring, controlling and reporting the Group's risks. The Audit Committee will review with management whether it is now appropriate for Unibet to establish an internal audit function.

## **LEGAL COMMITTEE REPORT**

The Legal Committee's task is to reflect, discuss and stimulate interaction between the Board of Directors and the management. This gives the Board the opportunity to increase awareness and to better understand the legal, regulatory and political environments surrounding the Group, including the associated risks. The Committee, which met on three occasions during the year, comprises two independent non-executive Directors, Anders Ström (Committee Chairman) and Peter Lindell. Daniel Johannesson resigned as Chairman of the Board and Chairman of the Legal Committee and was replaced by Anders Ström as of May 2010.

The Legal Committee does not make any decisions, which remain with the Board of Directors.

## **NOMINATION COMMITTEE REPORT**

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 three times for the 2010 AGM. At the AGM on 6 May 2010, it was decided that the Nomination Committee for the AGM 2011 shall consist of the Chairman of the Board and representatives from at least four other of the largest shareholders in the Company at the end of the third quarter 2010.

The Nomination Committee shall appoint as its chairman the representative of the largest shareholder in terms of voting rights.