

CORPORATE GOVERNANCE REPORT

GOOD GOVERNANCE AND CONTROL SUPPORTS STABLE GROWTH

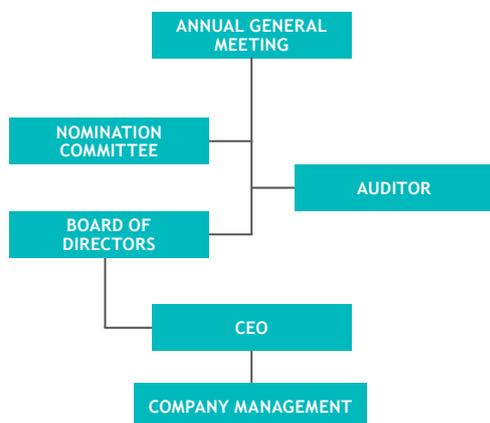
Betsson has developed strongly in recent years. One contributing factor to this profitable development has been a good balance between ambition and attention to detail. For our part, good corporate governance means preserving a dynamic, hungry company culture in which individuals are rewarded and shown appreciation for their efforts, and where risks are managed on a sound commercial basis. A company such as Betsson, which operates in a high-speed, dynamic environment, has to be able to respond quickly and, consequently, each employee has to be given the space to act on his or her own initiative, within a set framework.

This is one good example of how sound internal control improves a company's commercial capabilities.

Pontus Lindwall

Chairman of the Board of Directors

COMPANY BODIES FOR GOVERNANCE AND CONTROL



EXTERNAL REGULATORY FRAMEWORKS

- Swedish Companies Act
- Swedish and international accounting legislation
- NASDAQ rules for issuers
- Swedish Code of Corporate Governance

INTERNAL REGULATORY FRAMEWORKS

- Articles of Association
- Formal work plan for the Board of Directors
- Terms of reference for the CEO
- Group policies
- Business plan and strategies
- Code of Conduct

CORPORATE GOVERNANCE REPORT 2014

In addition to the regulations stipulated in applicable legislation or other statutes, Betsson applies the Swedish Code of Corporate Governance, a regulatory code based on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Betsson hereby presents its Corporate Governance Report for 2014. The Company applies the Code in full, with no deviations. This report constitutes a part of the management report and has been reviewed by the Company's auditors.

ALLOCATION OF RESPONSIBILITIES

The shareholders exercise their influence over Betsson AB at the Annual General Meeting of Shareholders, which is the Company's highest decision-making body, whilst the responsibility for the Company's organization and the management of the Company's affairs lies with the Board of Directors and the CEO, in accordance with the Swedish Companies Act, other rules and regulations, applicable regulations for listed companies, the Articles of Association and the Board's internal control instruments.

SHAREHOLDERS

Betsson has been a listed company since 1996, and has been listed on the Stockholm Stock Exchange since 2000. The Company's Class B shares are listed on Nasdaq Stockholm Large Cap (BETS). At the end of the period, the Company had 21,443 (18,825) shareholders. The three strongest shareholders in terms of votes were Per Hamberg with 3.8 per cent of the capital and 17.9 per cent of the votes, the Knutsson family with 4.9 per cent of the capital and 10.6 per cent of the votes and Rolf Lundström with 3.1 per cent of the capital and 9.6 per cent of the votes.

ARTICLES OF ASSOCIATION

The Articles of Association regulate the Company's established operations, the number of Board Members and auditors, the manner in which the Annual General Meetings are to be convened, the issues to be addressed at the Annual General Meeting and the location of the Meetings. The Company's Articles of Association stipulate no limitations regarding the number of votes which each shareholder is entitled to exercise at the Annual General Meeting.

No specific regulations are stated in the Company's Articles of Association regarding the appointment and dismissal of Board Members. For the current Articles of Association, adopted by an Extraordinary General Meeting on 19 August 2013, please visit the Company's website: www.betssonab.com.

ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in Betsson AB. At the Annual General Meeting – which is held within six months after the end of the financial year – the income statements and balance sheets are adopted, dividends are determined, the Board of Directors are elected and their fees determined, and auditors, when applicable, are appointed and their fees determined. Furthermore, other statutory matters and other proposals from the Board and shareholders are addressed, and resolutions are made regarding guidelines for remuneration to senior executives.

All shareholders registered in the shareholders' register on a given record day, and who have notified their attendance in due time, have the right to participate in the meeting and vote for their total holding of shares. Shareholders may be represented by proxies.

ANNUAL GENERAL MEETING 2014

The Annual General Meeting for 2014 was held on 8 May 2014. The Meeting was attended by shareholders, in person or by proxy, representing 64 per cent of the votes and 39 per cent of the capital. Pontus Lindwall was elected Chairman of the Meeting.

Resolutions

The minutes from this meeting can be found on Betsson's website. The resolutions made by the Annual General Meeting included:

- To approve the Board's proposal to distribute the equivalent of SEK 9.16 per share for 2014, through an automatic redemption procedure.
- To re-elect the Board Members John Wattin, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars Linder-Aronson, and to re-elect Pontus Lindwall as working Chairman of the Board.
- To authorize the Board to resolve on a new share issue of a maximum of 4.7 million Class B shares (implying a dilution of approximately 10 per cent).

ANNUAL GENERAL MEETING 2015

The Annual General Meeting of Betsson AB (publ) will be held on 8 May 2015 at 10 a.m. at the Company's headquarters, located at Regeringsgatan 28, Stockholm. For further information regarding the Annual General Meeting 2015, please refer to the Company's website: www.betssonab.com.

THE NOMINATION COMMITTEE

In accordance with the resolution adopted at the Annual General Meeting 2014, the Chairman of the Board has been assigned to convene the meetings of the Company's Nomination Committee and to invite representatives of the Company's larger shareholders to join the Committee. The Nomination Committee is to consist of a minimum of three members, and the majority of the Nomination Committee's members may not be formed of employees or members of the Board. The Nomination Committee shall prepare a list of proposed Board Members, as well as a proposal for the Chairman and auditors, and shall also propose remuneration for Board Members, Board committees and auditors. These proposals are to be submitted to the Annual General Meeting 2015 for resolution. The composition of the Nomination Committee was announced on 24 October in Betsson's Interim Report for the third quarter of 2014 and on the Company's website.

The Nomination Committee for the Annual General Meeting 2015 is comprised of:

- John Wattin, representing the Per Hamberg and companies with a total of 17.9 per cent of the votes,
- Michael Knutsson, representing the Knutsson family and company, with a total of 10.6 per cent of the votes,
- Christoffer Lundström, representing the Rolf Lundström family and company, with a total of 9.6 per cent of the votes,
- Pontus Lindwall, Chairman of the Board of Betsson AB and convener of the Committee.

The Nomination Committee represents a participating interest which, at year-end, amounted to 38 per cent of the votes in the Company. The Nomination Committee has not held any physical meetings but has maintained email and telephone contact. An important source of information for the Nomination Committee's work is the yearly evaluation of the Board's performance.

The Nomination Committee seeks to identify candidates for nomination who, together with the existing members, are able to provide the Board with the appropriate combined competence. This implies experience from leading positions in listed companies, expertise in the financial and gaming industries or experience from international service companies.

The Nomination Committee's complete proposals and background information, to be presented to the Annual General

Meeting 2015, will be published on the Company's website, www.betssonab.com, in advance of the Annual General Meeting.

Shareholders wishing to submit proposals to the Nomination Committee should do so by e-mail to valberedning@betssonab.com or by mail to the Company's headquarters.

THE BOARD OF DIRECTORS AND ITS WORK

The Members of the Board are elected annually by the Annual General Meeting for the period until the conclusion of the following Annual General Meeting. There are no rules in place stipulating the maximum period of time a member may serve on the Board. Betsson's Board is comprised of six members elected by the Annual General Meeting, with no deputies. The CEO is not a member of the Board. At the Annual General Meeting 2014, the following individuals were re-elected as Board Members: John Wattin, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt, Lars Linder-Aronson and Pontus Lindwall. Pontus Lindwall was re-elected as Chairman. The members of the Board are presented on pages 18-19.

The President and CEO, Magnus Silfverberg, participates in all Board meetings to present reports. The Group's CFO, Fredrik Rüdén, participates both to present reports and to serve as secretary. Other executives in the Group participate from time to time in Board meetings as required, either to present specific issues or to serve as secretary.

The Board's independence

According to the definition applied by the Stockholm Stock Exchange, the number of Board Members elected at the Annual General Meeting and who are independent of the Company is five (83 per cent) and the number of Board Members elected at the Annual General Meeting who are independent of the Company's major shareholders is six (100 per cent). All members meet Nasdaq Stockholm's requirements concerning professional experience. Pontus Lindwall cannot be considered independent in relation to the Company, given his role as working Chairman of the Board. With this composition, Betsson's Board fulfils the regulations for listed companies and the regulations of the Swedish Code of Corporate Governance, which require that the majority of elected members are independent of the Company and Company management, and that at least two of these are also independent of the Company's major shareholders. All Board Members and all members of the Group management team have undergone Nasdaq Stockholm's training in Stock Exchange regulations

Board meetings

In 2014, the Board held 20 (16) recorded meetings, of which one (one) was the statutory meeting and four (five) were per capsulam meetings.

The Board had a 6 (8) per cent absence rate during the year's Board meetings.

All of the meetings comprise the CEO's review of developments within the operations and current issues concerning important events, the risk aspects of significant contracts, potential acquisitions and legal trends in the gaming market. The Board has paid particular attention to strategic, financial matters and issues concerning acquisitions, internal control and major investments during the year.

The attendance of Board Members at Board meetings is shown below, as a percentage (figures in brackets refer to the previous year).

Pontus Lindwall, Chairman	100 (100)
John Wattin, Member	100 (100)
Kicki Wallje-Lund, Member	90 (93)
Carl Lewenhaupt, Member	83 (64)
Lars Linder-Aronson, Member	100 (100)
Patrick Svensk, Member	100 (92)

Average attendance at Board and Committee meetings was 94 (92) per cent.

Information provided to the Board of Directors

The work of the Board follows a specific plan, in order to ensure that the Board receives all relevant information. The Company's auditors report their observations based on the audit of the financial statements and their assessment of the Company's internal procedures and controls to the Board. The Board receives, on a monthly basis, a detailed operational report in which management describes developments.

Internal control and risk management

The Board applies a formal work plan including decision-making rules, as well as instructions for its own work and that of the Remuneration Committee, the Audit Committee and terms of reference to the CEO, with the aim of achieving an efficient management of the operational risks, refer to the section on significant risks and factors of uncertainty in the Management Report. The Board updates, as necessary, and adopts, yearly, the formal work plan for the Board, terms of reference to the CEO, decision-making rules and authorization routines.

The Audit Committee

The Audit Committee's responsibility is to ensure compliance with established principles for financial reporting and internal controls. In accordance with the work plan adopted for the Board after the Annual General Meeting 2014, the Audit Committee has continued to comprise three members, none of whom is to serve as Chairman of the Board. The members of the Committee are Lars Linder-Aronson, Kicki Wallje-Lund and Carl Lewenhaupt.

The Audit Committee is responsible for monitoring and following up the reporting of Corporate Responsibility issues.

The Audit Committee also fulfils the functions of a finance committee, with the task of supporting and following financial

operations and of evaluating and proposing amendments to the Treasury Policy. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures to be taken are addressed by the Board on a continual basis. The Group's auditors and the CFO present reports to the Audit Committee. Attendance at the Audit Committee's five meetings during the year was 87 per cent.

The Remuneration Committee

After the Annual General Meeting 2014, a new formal work plan for the Board was adopted, in which it was determined that the Remuneration Committee should comprise two members, neither of whom is to serve as Chairman of the Board. The Committee's members are Kicki Wallje-Lund and Patrick Svensk. The Remuneration Committee held two meetings during the year where, among other matters, a proposal on a new incentive program (options) was addressed.

The main responsibility of the Remuneration Committee is to address the remuneration and terms of employment of the CEO based on the guidelines for remuneration and terms of employment for the CEO adopted by the Annual General Meeting. Attendance at the Remuneration Committee's two meetings during the year was 100 per cent.

CEO AND GROUP MANAGEMENT

Betsson's President and CEO is responsible for the day-to-day management of both the Parent Company and the Group, a responsibility which does not include decision-making in operating online game activities.

The CEO leads the work in the Parent Company and makes decisions in consultation with the other senior executives comprising the heads of business areas and staff functions. At the end of 2014, there were five (four) senior executives, including one woman; also refer to page 20.

The senior executives hold regular operational reviews under the leadership of the CEO.

The operations of the Parent Company (Betsson AB) consist of the management and administration of the Company's investments and the evaluation of potential acquisitions or divestments of business operations. The Group's gaming operations are conducted in Malta, through several wholly-owned subsidiaries, each of which has a separate Board working under an operative management team making the operational decisions for Betsson's gaming operations.

Terms of reference have been established for the respective CEO of each wholly-owned subsidiary. These terms are consistent with the terms of reference to the Parent Company's CEO.

REMUNERATION

Remuneration to the Members of the Board and the guidelines for remuneration to senior executives are determined at the Annual General Meeting. Remuneration paid to the President of the Group is determined by the Remuneration Committee. Remuneration for executives directly subordinate to the CEO is determined by the CEO after consultation with the Remuneration Committee. The Group applies the principle that a manager's superior must approve any decisions regarding remuneration.

The following principles, adopted at the Annual General Meeting 2014, apply to senior executives in the Group:

- Remuneration is to be market-based and competitive, in order to be able to attract and retain competent senior executives. Remuneration is to be comprised of a fixed salary and, where applicable, variable remuneration, pension and other benefits, such as, in certain cases, a company car.
- Any variable remuneration which may be offered to senior executives will be decided on the basis of pre-determined Group-wide and individual goals relating to the management of the Company and the Company's financial development, and taking into account the personal development of the individual concerned.

Current variable remuneration to senior executives is described in more detail in Note 8.

The Board may make decisions diverging from these guidelines for individual instances, under special circumstances.

AUDIT

At the Annual General Meeting 2013, PricewaterhouseCoopers AB was re-elected, with Authorized Public Accountant Michael Bengtsson as Auditor-in-Charge. Michael Bengtsson, who has been the Auditor-in-Charge since 2008, has announced that he is withdrawing at the 2015 Annual General Meeting. Niklas Renström of PricewaterhouseCoopers AB is proposed as the new Auditor-in-Charge.

The audit of the annual financial statements is carried out in January-February. The audit of the annual report takes place during March-April. The Company's interim reports are also subject to review by the auditor. In addition, audits of the internal procedures and control systems are undertaken continuously during the year and reported to the Group's CFO, the management team and the Board. In addition to the auditing assignment, Betsson has engaged PricewaterhouseCoopers AB for consultation in VAT and tax issues, accounting matters, and for various other studies.

INTERNAL AUDIT

Betsson's profitable growth stems from a willingness and desire to constantly improve the operations. The Internet-based gaming industry is constantly exposed to a rapidly changing environment, such as changes in legal systems, seasonality and currency fluctuations. In order to be able to manage these situations, it is of great importance that the Group can learn and adapt, but, at the same time, it is vital that Betsson's customers feel safe and secure with Betsson's gaming and payment solutions. This permeates all Company and Group customer offerings.

In 2014, Betsson commissioned Ernst & Young to conduct separate audit assignments, like those that a separate internal audit function normally conducts. Since 2012, the Company has a Global Tax Manager to ensure that it complies with current tax regulations, and in 2013, internal control was strengthened by a separate business controller function, with responsibility in the budget and follow-up process.

As a complement to the Group's own internal auditing activities, operations are also monitored by several independent parties. Betsson is licensed in Malta by the Lotteries and Gaming Authorities (LGA). In order to obtain and maintain licenses, the Company's routines and processes must meet certain quality standards. LGA scrutinizes operations in order to ensure that the Company meets all of the requirements. Betsson's companies are also PCI-compatible for secure card transactions, and cooperate with several large banks. As a result, all credit card information is handled securely and the Company meets the highest security standards as regards payments, withdrawals and deposits.

All private information transferred to and from Betsson sites is encrypted by Verisign SSL and is monitored 24 hours a day, 7 days a week. The random number generator behind Betsson's casino games, which guarantees fair gaming, has been tested and approved by independent third parties, including Itech Labs, Gaming Laboratories International (GLI), Quinel, and eCogra. In order to ensure that the poker software always produces random numbers, independent controllers test the random number generator (RNG) on a monthly basis. These monthly reports are published on an ongoing basis. Certain players cheat by using "poker bot" programs to make decisions during the game. Betsson has secured the poker table against the use of these programs via Botguard; in order for players to feel secure and confident that they are playing under the same technical conditions as all of the other poker players.

The Audit Committee bears the preparatory responsibility within the Board to ensure compliance with the established principles of internal control. The President and CFO are responsible, on a continuous basis, for taking appropriate steps to maintain good internal control. Each Company function is responsible for executing the internal control within its relevant operational area, based on stated conditions. Reports are prepared on an on-going basis at all levels.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

In accordance with the Annual Accounts Act, the Board of Directors is to submit, on an annual basis, a description of the most important measures in the Company's system for internal control and risk management regarding financial reporting.

Control environment

The control environment is the basis for the internal control of the financial reporting. The Company's internal control structure is based on, among other things, a clear allocation of responsibilities and work assignments, both between the Board and the CEO, and within the operations. Policies and guidelines are documented and assessed on a continuous basis by management and the Board. Governing documents and detailed process descriptions are communicated via established information and communication channels and have, consequently, been made available and known to the personnel concerned.

Risk assessment

The Company identifies, analyses and makes decisions regarding the management of the risk of misstatement in the financial reporting. The Board deals with the outcome of the Company's processes for risk assessment and risk management, in order to ensure that these cover all significant areas, and identifies, when appropriate, any necessary measures to be implemented. The Company's largest operational risks are related to the rapidly evolving environment characterizing the gaming industry, including, for example, changes in legal systems, seasonality and currency fluctuations. The financial reporting can be influenced by the risk of errors in allocation to periods when settling accounts with partners and the risk of errors in the valuation of intangible assets.

Control measures

On the basis of risk assessments carried out within the Group, control measures of both a preventive and of a detective nature are implemented, to ensure that any errors are addressed. We have placed a special emphasis on mapping and assessing the most significant risks in the accounting practices as regards allocation to periods. Intangible assets are assessed on a continuous basis against the return they generate, in order to ensure that the values reported in the Company's balance sheet are correct.

Information and communication

The internal information and external communication are regulated at a comprehensive level by, among other things, an information policy. The internal communication to and from the Board and management takes place via, for example, regular information meetings. The Company's intranet is another channel. The internal policies, guidelines, instructions and similar documents governing and supporting operations are published on the intranet.

Follow-up

The Company assesses, on a continuous basis, the internal control regarding financial reporting by asking questions and participating in the work of the finance function. Both Company management and the Board receive daily sales reports and monthly income statements and cash flow reports, including management's comments on the development of the operations. The financial situation is addressed at each scheduled meeting of the Board. The Company's auditor participates in the Board meetings at least once a year and shares any observations regarding practices and control systems. During this meeting, the members of the Board have the opportunity to present questions. The Board re-evaluates the significant risk areas and assesses the internal control on an annual basis.

INVESTOR RELATIONS

Betsson shares information with shareholders by means of annual reports, arranged capital market days, year-end reports, quarterly reports, press releases and through the Company's website. Reports and press releases from previous years are also available on the website, www.betssonab.com.

Communication and transparency are key to Betsson, to allow the Company's investors and analysts to make objective assessments of the Company's development and, consequently, make informed decisions in their work. The Company attaches great importance to investor relations, in which the aim is to inform the capital market of Betsson's financial position, operations and development so as to increase knowledge and interest in the Company, and to obtain a fair valuation of the Company.

During 2014, Betsson arranged a capital market day and, also participated in a number of IR activities, such as seminars, investor meetings and road shows in both Europe and the USA.