Senior executive remuneration

To achieve attractive long-term shareholder value growth, NetEnt seeks to offer its employees competitive remuneration and an attractive workplace that enable recruiting and retaining the right expertise. For senior executives, the Board of Directors has prepared guidelines for remuneration, as outlined below. Detailed information about remuneration to employees and senior executives is provided in Note 6 on pages 99–100.

Guidelines adopted by the 2018 Annual General Meeting

Basic principles

These guidelines shall be applied in relation to the NetEnt CEO and other members of the senior management. The Board of Directors shall be able to deviate from these guidelines in individual cases where there is special reason to do so. Management's total remuneration consists of fixed and variable salary, share-based incentive schemes and pension benefits. The remuneration should be performance-based, and the variable component should therefore make up a significant share of the total remuneration.

Fixed and variable salary

The fixed salary shall be market-based, competitive, individual, and proportionate to the individual's responsibility, role, skills and experience in relevant positions. The annual variable salary shall be measured and paid on an annual basis. The annual variable salary shall be capped at 65 percent of the fixed salary for the CEO and at 60 percent of the fixed salary for other members of senior management. It shall be based on actual outcomes in relation to financial and operational targets. The target for variable salary is set annually by the board for the CEO. The CEO in turn determines the variable salary for the other members of the senior management, to ensure that they are in line with the company's business strategy and objectives. The conditions for variable salary shall include a minimum performance level in relation to the targets, for which no variable salary will be received.

The board has the right to revoke variable remuneration that is paid out based on information that later proves to be clearly incorrect.

Long-term incentive scheme

Senior executives are offered the opportunity to participate in ongoing share-based incentive programs in the form of stock options or stock saving programmes that are issued on market terms, to motivate long-term commitment and promote a greater alignment of interests with the company's shareholders. Share-based incentive programmes, which are issued on market terms, can be combined with cash bonuses that are payable in conjunction with the redemption periods of stock option programmes. Such payment can be made to employees who are still employed at the time of redemption and shall, net of tax, not exceed 70% of the premium paid for the stock option.

Pension benefits and termination of employment

Pension benefits of the CEO and other members of the company's management shall be competitive and based on defined contribution pension plans, in which the premium shall be capped at 35 percent of the pensionable salary. Other benefits, such as company cars, health insurance, etc, shall constitute a minor part of total remuneration and shall be in line with market conditions.

The CEO can have a maximum notice period of twelve months. Other members of the company's management may have a maximum notice period of six months. In addition to salary during the notice period, termination benefits may be paid. However, the total of salary and termination benefits during the notice period shall not exceed the equivalent of 18 months' salary.

Guidelines determined by the Board of Directors and proposed to the 2019 Annual General Meeting

For the 2019 AGM, the Board of Directors has proposed to adopt the same guidelines for remuneration to senior executives as in the preceding year. Two clarifications are proposed:

- that sales commission may be exempted from the maximum amounts specified in the guidelines on remuneration and
- in some cases, a cash loyalty remuneration in conjunction with long-term share-based incentive programmes may be paid to employees who have left the company, for example, due to termination on the grounds of shortage of work.