

ANNEX I MODEL

CORPORATE GOVERNANCE ANNUAL REPORT FOR PUBLIC LISTED COMPANIES

ISSUER ID

YEAR END DATE 31/12/2013

CORPORATE TAX ID A-82110453

Corporate Name: **CODERE, S.A.**

Registered Office: AVDA. DE BRUSELAS, 26
28108-ALCOBENDAS, MADRID

CORPORATE GOVERNANCE ANNUAL REPORT FOR PUBLIC LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table regarding company share capital:

Date of most recent change	Share Capital (€)	Number of shares	Number of voting rights
19/10/2007	11,007,294.00	55,036.470	55,036.470

Indicate whether or not there are different types of shares with different associated rights:

Yes ☐

No ☒

Class	Number of shares	Nominal Unit	Unitary number of voting rights	Different rights
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A.2 List the direct and indirect holders of significant shareholdings in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct shareholder	Number of voting rights	
MASAMPE HOLDING BV	28,259,088			51.346

Indicate the most significant movements in shareholder structure which have taken place during the year:

Name of shareholder	Date of the transaction	Description of the operation
ANCHORAGE ADVISORS MANAGEMENT LLC	03/06/2013	Acquisition of shares exceeding 5% of indirect voting rights.
ANCHORAGE ADVISORS MANAGEMENT LLC	25/09/2013	Transfer of shares exceeding 3% of indirect voting rights.
NOONDAY ASSET MANAGEMENT LLP	22/05/2013	Transfer of shares exceeding 3% of indirect voting rights.

A.3 Complete the following tables regarding members of the Board of Directors of the company holding share voting rights in the company:

Name of Director	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct shareholder	Number of voting rights	
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838,261	MASAMPE HOLDING BV	28,259,088	63.771
LUIS JAVIER MARTÍNEZ SAMPEDRO	0	SOLGIM INVERSIONES SICAV	100,000	0.182
		M LUXEMBOURG SIF-GLOBAL ASSETS BRISA	1,296,035	2.355
ENCARNACIÓN MARTÍNEZ SAMPEDRO	1,202,000			2.184
JOSEPH ZAPPALA	278,738			0.506

JOSE RAMÓN ROMERO RODRÍGUEZ	50,000			0.091
EUGENIO VELA SASTRE	0	CARMEN FERRER PALASÍ	20,718	0.038

Total % of voting rights held by the Board of Directors	69.127
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Complete the following tables regarding members of the Board of Directors holding company share rights:

Name of Director	Number of direct rights	Indirect Rights		Number of share equivalents	% of total voting rights
		Direct holder	Number of voting rights		
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A.4 ___ Indicate, if applicable, any family, commercial, contractual or corporate relations existing between the significant shareholders, to the extent to which the company is aware of them, unless said relations are insignificant or are the result of ordinary business activity:

Name of related parties	Type of relation	Brief description
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO MASAMPE HOLDING BV	CORPORATE	Jose Antonio is the majority shareholder of MASAMPE HOLDING BV

A.5 ___ Indicate, if applicable, any commercial, contractual or corporate relations existing between the significant shareholders and the company and/or its group, unless said relations are insignificant or are the result of ordinary business activity:

Name of related parties	Type of relation	Brief description
MASAMPE HOLDING BV	CORPORATE	Maximum shareholder of the Company

A.6 ___ Indicate whether or not the company has been informed of any quasi-corporate agreement affecting it, pursuant to articles 530 and 531 of the Spanish Capital Companies Act. If so, briefly describe such pacts and list the shareholders related through the agreement:

Yes ☐ No ☒

Parties to the quasi-corporate agreement	% of share capital affected	Brief description of the agreement
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Indicate whether or not the company is aware of the existence of concerted action among its shareholders. If so, briefly describe such action:

Yes ☐ No ☒

Parties to concerted action	% of share capital affected	Brief description of the action
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In the case whereby any change or break in said agreements or concerted action has taken place during the year, expressly indicate said circumstance:

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A.7. Indicate whether any natural or legal person exercises or is able to exercise control over the company pursuant to article 4 of the Spanish Securities Act. If so, identify said person:

Yes ☒

No ☐

Name or company name
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Comments
Through MASAMPE HOLDING BV

A.8. Complete the following tables regarding company treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
250,345	0	0.455

(*) Held through:

Name or corporate name of the direct shareholder	Number of direct shares
--	--
Total	--

Describe any significant changes, according to the provisions of Royal Decree 1362/2007, during the year:

Date of notification	Total direct shares acquired	Total indirect shares acquired	Total % of share capital
13/01/2014	288,906	0	0.525

A.9. Detail the conditions and term of authorization in force for the Board of Directors' Meeting to acquire and transfer treasury stock.

The General Meeting of Shareholders held on 27 June 2013 approved point four of the agenda, as follows:

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point nine of the agenda of the General Meeting of Shareholders held on 10 May 2012, to authorize, in accordance with applicable law, the derivative acquisition, at any time and as often as Codere, S.A. deems advisable, either directly or through any of the subsidiaries of which it is the parent, of treasury stock, fully paid up, by means of purchase sale or by any other legal title for valuable consideration.

The minimum purchase price or consideration will be the face value of the own shares acquired, and the maximum will be the result of increasing by 20% the market value of the shares on their purchase date.

This authorisation will be granted for a term of five years, counted as of the date of this Meeting, and is expressly subject to a limitation consisting of the face value of the own shares acquired pursuant to this authorisation, to be added to the value of those already held by Codere, S.A. and any of its subsidiaries, and in no event being able to exceed the maximum allowed by law at the purchase date.

It is expressly noted that this authorisation may be used wholly or partially for the purchase of own shares to be delivered or transmitted to employees or directors of the company, or upon exercise of stock options held thereby.

2. Empower the Board of Directors, in the widest terms possible, in order to exercise the authorisation conferred by this resolution and to carry out the remaining provisions foreseen therein; said powers may be delegated by the Board of Directors to any Director, to the Secretary or Vice Secretary of the Board of Directors, or to any other person whom the Board of Directors expressly empowers for this purpose.

A.10__ Indicate, if applicable, any legal or statutory restrictions in regard to the exercise of voting rights. In particular, report the existence of any restrictions that may impede the acquisition of control of the company through the purchase of shares in the market.

Yes ☐

No ☒

Description of the restrictions

A.11__ Indicate whether the General Meeting of Shareholders has agreed to adopt neutralization measures with respect to a takeover bid pursuant to Act 6/2007.

Yes ☐

No ☒

If 'yes', explain the measures approved and the terms in which the restrictions will become ineffective:

A.12__ Indicate whether the company has issued securities that are not traded on an EU regulated market.

Yes ☐

No ☒

Where applicable, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred.

B GENERAL MEETING OF SHAREHOLDERS

B.1__ Indicate, and, if applicable, explain any differences regarding the minimum quorum levels for the holding of shareholder meetings established in the Spanish Capital Companies Act (LSC)

Yes ☐No ☒

	% difference to the quorum established in Article 193 of the LSC for general cases	% difference to the quorum established in Article 194 of the LSC for special cases
Quorum required at first call	--	--
Quorum required at second call	--	--

Description of the differences
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B.2___ Indicate, and, if applicable, explain any differences regarding the adoption of corporate resolutions with respect to the system provided for in the Spanish Capital Companies Act (LSC):

Yes ☒No ☐

Describe how this differs from the system provided for in the LSC.

	Different qualified majority from that established under Article 201.2 LSC in those cases specified in Article 194.1 of the LSC	Other cases of qualified majority
% established by the company for adoption of resolutions	75	
Describe the differences		
In those cases specified in Article 194 of the Spanish Capital Companies Act require the favourable vote of 75% of the capital present or represented at the General Meeting, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital (reinforcing the requirement of the favourable vote of two-thirds of the capital present or represented when, at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital required by the article 201.2 of the Capital Companies Act)		

B.3___ State the rules applicable to the amendment of the corporate bylaws. In particular, indicate the majorities needed for the amendment of the corporate bylaws and, where appropriate, the rules laid down for the protection of the rights of the shareholders in the modification of the said bylaws.

Art. 19 of the Corporate Bylaws provides as follows: "However, in order for the Regular or Extraordinary General Meeting of Shareholders to validly resolve in regard to a capital increase or reduction, and, in general, in regard to any amendment of the Corporate Bylaws, bond issue, the elimination or limitation of pre-emption rights for new shares, as well as the transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain it shall be necessary at first call that the meeting be attended in person or by proxy by shareholders holding at least 50% of the subscribed voting capital. At second call, the attendance of 25% of said capital shall suffice. For said resolutions to be adopted the favourable vote of 75% of the capital present or represented at the General Meeting shall be required, when at the second call,

the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital."

Additionally, article 7 of the Rules of Procedure of the General Meeting of Shareholders of the Company provides that the following is the competence of the General Meeting: "h) The transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain and dissolution of the Company, and, in general, any amendment of the Corporate Bylaws".

Likewise, article 20.2 of the Rules of Procedure of the General Meeting of Shareholders of the company in accordance with the provisions of the Corporate Bylaws indicates as follows: "However, in order for the Regular or Extraordinary General Meeting of Shareholders to validly resolve in regard to a capital increase or reduction, and, in general, in regard to any amendment of the Corporate Bylaws, bond issue, the elimination or limitation of pre-emption rights for new shares, as well as the transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain it shall be necessary at first call that the meeting be attended in person or by proxy by shareholders holding at least 50% of the subscribed voting capital. At second call, the attendance of 25% of said capital shall suffice. For said resolutions to be adopted the favourable vote of 75% of the capital present or represented at the General Meeting shall be required, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital."

As for the voting on resolutions, Article 3. b) of the Rules of Procedure of the General Meeting of Shareholders states that "In the case of the amendment of the bylaws, each item or group of items that are materially different" shall be voted on separately.

Lastly, article 286 of the Capital Companies Act establishes that in the case of amendment of the bylaws, the directors or, if applicable, the shareholders making the proposal will be required to draw up the full text of the proposed amendment and a written report justifying this, which, pursuant to article 287 of the same legal text, are required to be made available to the shareholders at the registered office or to be sent free of charge to the shareholders should they so request

B.4 Indicate the attendance data for the general meetings held during the year of reference of the present report and those for the previous year:

Date of General Meeting	Attendance Data				
	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
14/08/2013	16.611	62.282	0	1.734	78.893
27/06/2013	16.575	61.396	0	0.827	77.972
10/05/2012	15.826	63.230	0	0	79.056

B.5 Indicate whether the Bylaws contain any restriction regarding the minimum number of shares required in order to attend the General Meeting:

Yes ☒ X

No ☐

Number of shares required to attend the General Meeting	100
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B.6 Indicate if certain decisions involving a structural modification of the Company ("affiliation" sale of key operating assets, operations equivalent to the liquidation of the company...) must be submitted to the approval of the general meeting of shareholders, although not expressly required under company law.

Yes ☐No ☒

B.7 Indicate the address and means of access to the company website for information on corporate governance and other information on general meetings to be made available to shareholders via the website of the Company.

The website address of the Company is www.codere.com, where shareholders can access information on general meetings and corporate governance through the section titled "Investor Relations" which contains the content relating to Corporate Governance and includes information on general meetings.

C COMPANY ADMINISTRATION STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	15
Minimum number of directors	4

C.1.2 Complete the following table with respect to members of the Board:

Name of Director	Representative	Position on Board	Date of first appointment	Date of last appointment	Procedure for appointment
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	—	CHAIRMAN-CEO	07/05/1999	25/06/2009	GENERAL MEETING VOTE
MASAMPE, S.L.	FERNANDO LORENTE HURTADO	DEPUTY CHAIRMAN	07/05/2008	07/05/2008	GENERAL MEETING VOTE
ENCARNACIÓN MARTÍNEZ SAMPEDRO	—	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
EUGENIO VELA SASTRE	—	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
JOSEPH ZAPPALA	—	DIRECTOR	20/11/2002	25/06/2009	GENERAL MEETING VOTE
JOSE IGNACIO CASES MÉNDEZ	—	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
JOSÉ RAMÓN ROMERO RODRÍGUEZ	—	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
JUAN JOSÉ ZORNOZA PÉREZ	—	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
JUAN JUNQUERA TEMPRANO	—	DIRECTOR	10/05/2012	10/05/2012	GENERAL MEETING VOTE
LUIS JAVIER MARTÍNEZ SAMPEDRO	—	DIRECTOR	07/05/1999	25/06/2009	GENERAL MEETING VOTE

Total number of directors	10
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Indicate any resignations or dismissals from the Board of Directors produced during the period:

Name of Director	Status of the director at the time of termination	Date of resignation
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C.1.3 _Complete the following tables regarding members of the Board of Directors and their type of directorship:

EXECUTIVE DIRECTORS

Name of director	Committee which proposed the appointment	Position in company organization chart
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE	CHAIRMAN AND CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE	DIRECTOR
LUIS JAVIER MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE	DIRECTOR CODERE AMERICA

Total number of executive directors	3
% of total board	30

EXTERNAL NOMINEE DIRECTORS

Name of director	Committee which proposed the appointment	Name of significant shareholder which this director represents or which proposed the director's appointment
MASAMPE, S.L.	CORPORATE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
JOSE IGNACIO CASES	CORPORATE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
JOSÉ RAMÓN ROMERO RODRÍGUEZ	CORPORATE GOVERNANCE COMMITTEE	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
Total number of external nominee directors		3
% of total board		30

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
EUGENIO VELA SASTRE	Holds a degree in Economics and Business Administration and Industrial Engineering from the Complutense University and Polytechnic University of Madrid. Chairman of the Cosien S.A. Group and LMV, S.A.
JOSEPH ZAPPALA	Former U.S. ambassador to Spain (1989-1992) President of Joseph Zappala Investments.

JUAN JOSÉ ZORNOZA PÉREZ	Department Chair of Finance and Tax Law at the Carlos III University of Madrid. PhD in Law from the Madrid Autonomous University
JUAN JUNQUERA TEMPRANO	Former Secretary of State for Telecommunications and the Information Society CEO of Innersum, S.L.

Total number of independent directors	4
Total % of Board	40

Indicate whether any director qualified as an independent director of the company or its group, receives any amount or benefit other than for the concept of directors fees, or holds or has held a business relationship with the company or any group company during the last financial year, either on their own behalf or as a significant shareholder, director or senior manager of a company that has or has had such a relationship.

In this case, provide a reasoned statement of the board on the reasons why it considers that the director can perform his or her functions as an independent director.

Name of Director	Description of the relationship	Reasoned statement
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OTHER EXTERNAL DIRECTORS

Name of director	Committee which proposed the appointment
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Total number of other independent directors	--
Total % of Board	--

State the reasons why they cannot be considered to be nominee or independent directors and any ties they have, whether with the company or its managers, or with company shareholders.

Name of Director	Reasons	Company, executive or shareholder maintaining the link
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Indicate, if applicable, any changes which may have taken place during the period in regard to the type of directorship:

Name of Director	Date of change	Previous status	Current status
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C.1.4 _ Complete the following table with information on the number of female directors for the past 4 years, and the nature of such directors:

	Number of female directors				% of total of each type of director			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	1	1	1	1	10	10	10	10
Nominee	0	0	0	0	0	0	0	0
Independent	0	0	0	0	0	0	0	0
Other External	0	0	0	0	0	0	0	0
Total	1	1	1	1	10	10	10	10

C.1.5 _ Explain the measures, if any, which have been taken to seek to include a number of women on the Board to achieve a balanced representation of women and men.

Explanation of the measures
In the case of any vacancy on the Board, the Company has sought the presence, among the candidates in the search process of directors and under the same conditions, at least one woman for each vacancy that meets the desired experience and professional profile.

C.1.6 _ Explain the measures, if any, agreed by the appointments committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that the company makes a conscious effort to include potential female candidates which meet the desired professional profile:

Explanation of the measures
The Regulations of the Board of Directors of the Company empowers the Corporate Governance Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties. To cover new vacancies, pursuant to the Rules of the Board of directors, the Corporate Governance Committee ensures that the selection procedures are not implicitly biased against the selection of female directors and makes a conscious effort to include potential female candidates which meet the desired professional profile.

When, despite the measures, if any, taken there are few or no female directors, explain the reasons why:

Explanation of reasons
Currently, the Board of Directors of Codere S.A. is made up of ten members, one of whom is Ms. Encarnación Martínez Sampedro, who is an Executive Director of the Company and, therefore, women represent 10% of the members of the Board.

Keep in mind that although Codere, S.A. is a listed company, it is a family business and the percentage participation of women on the Board is similar to the average of listed Spanish companies and superior to other companies with similar capitalization. The latest available statistics relating to 2011 show that the percentage participation of women on Boards of Directors of listed Spanish companies was 10.4%, which implies one woman per board (about 1.19 women on average), while the percentage among company with similar capitalization to Codere, S.A. was 9.6%.

C.1.7 _ Explain the form of representation of significant shareholders on the Board of Directors.

The company Masampe Holding, BV, owner of 51.346% of the shares of the Company, is represented on the Board of Directors by the Executive Director Mr Jose Antonio Martínez Sampedro.

Meanwhile, Mr Jose Antonio Martínez Sampedro, holder of 12.425% of the shares of the Company, is represented on the Board of Directors by Masampe, S.L., Nominee Director and Vice Chairman of the Board, which is represented by Mr Fernando Lorente Hurtado.

C.1.8 _ Explain, if applicable, the reasons for appointing nominee directors at the request of shareholders holding less than 5% of the share capital:

Name of shareholder	Justification
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Indicate whether formal requests for appointment to the Board have been denied to shareholders having a shareholding equal to or greater than that of other shareholders at whose request nominee directors were appointed. If applicable, explain the reasons why these requests were not honoured:

Yes ☐

No ☐

Name of shareholder	Explanation
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C.1.9 _ In the case where a director has resigned from his or her position before the end of the term of the directorship, indicate whether or not said director has explained his or her reasons to the Board, and by what means, and, in the case where the director has explained the reasons in writing to the entire Board, explain below at least the reasons given by the director:

Name of Director	Reason for resignation
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C.1.10 _ Indicate, if applicable, the powers delegated to the CEOs:

Name of Director	Brief description
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	The Board of Directors permanently delegates all of the powers to the CEO, with the exception of those powers which are reserved by law or statute, and those which may not be delegated pursuant to the rules of procedure of the Board of Directors.

C.1.11 Identify, if applicable, the members of the Board who hold directorships or management positions in other companies which form part of the listed company group:

Name of Director	Name of group company	Position
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F 8, S.L.	JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.A.U.	CHAIRMAN/JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA, S.L.	CHAIRMAN OF THE BOARD
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	CHAIRMAN/JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	CHAIRMAN/JOINT AND SEVERAL DIRECTOR
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	CHAIRMAN/JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTEGRAL, S.P.A.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA, S.A.U	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F 8, S.L.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMÁTICA, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ALICANTE, S.L.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.A.U.	JOINT AND SEVERAL CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGÓN, S.L.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA-LA MANCHA, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA, S.L.U	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS GALICIA, S.L.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS MURCIA, S.L.U.	SOLE ADMINISTRATOR

ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA, S.A.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE BARCELONA, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA, S.A.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA, S.A.	DIRECTOR/SECRETARY TO THE BOARD OF DIRECTORS
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERATTIVA ITALIA, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	JOINT AND SEVERAL CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA, S.P.A.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE LOGROÑO, S.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE MADRID, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK, S.P.A.	CHAIRMAN OF THE BOARD
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS, S.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE VALENCIA, S.A.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	JOINT AND SEVERAL CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN, S.L.	JOINT ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI, S.R.L.	SOLE ADMINISTRATOR

ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005, S.L.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI, S.A.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	JOINT AND SEVERAL CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA, S.P.A.	CHAIRMAN OF THE BOARD
ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA, S.A.U	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE VINGO, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE, S.R.L.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS MAE, S.L.U.	SOLE ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO, S.L.	CHAIRMAN OF THE BOARD AND CEO
ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS POPULARES, S.L.	JOINT ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM, S.A.U.	JOINT AND SEVERAL DIRECTOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA, S.L.	JOINT ADMINISTRATOR
ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC, S.L.	CHAIRMAN OF THE BOARD
ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS, S.R.L.	SOLE ADMINISTRATOR
LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS DEL OESTE, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS PLATENSES, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.A.U.	JOINT AND SEVERAL CEO
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE ARGENTINA, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS, S.A.U.	JOINT AND SEVERAL CEO
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MÉXICO, S.A. DE C.V.	TREASURER
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
LUIS JAVIER MARTÍNEZ	COLONDER, S.A.U.	JOINT AND SEVERAL CEO

SAMPEDRO		
LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE DE JUEGOS REGULADOS, S.A.U.	CHAIRMAN OF THE BOARD AND CEO
LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	IBERARGEN, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERBAS, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERJUEGOS, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERMAR BINGOS, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	ITAPOAN, S.A.	CHAIRMAN
LUIS JAVIER MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	JOINT AND SEVERAL CEO
LUIS JAVIER MARTÍNEZ SAMPEDRO	SAN JAIME, S.A.	CHAIRMAN
JOSE RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA, S.L.	DIRECTOR

C.1.12 _Detail, if applicable, the company directors who are members of the Board of Directors of other listed companies in Spain other than those of your Group, which have been reported to the company:

Name of Director	Name of the listed company	Position
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C.1.13 _Indicate, and, if applicable, explain, if the company has established rules on the number of boards its directors may form part of:

Yes ☒

No ☐

Explanation of rules
Article 4.1.b) of the Rules of Procedure of the Board of Directors establishes that the Directors may not, except when expressly authorized by the Board, after a report by the Corporate Governance Committee, form part of more than 8 boards, excluding (i) the Boards of Companies forming part of the same group as that of the Company (ii) the Boards of familial or holding companies of the Directors or their families and (iii) the Boards which they are members of owing to their professional relation.

C.1.14 Indicate the general policies and strategies the approval of which the plenum of the Board has reserved for itself:

	Yes	No
The investment and financing policies	X	
The definition of the structure of the corporate group	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan and the annual budget and management objectives	X	
Compensation Policy and Evaluation of Senior Management Performance	X	
Risk Management and Control, as well as Periodic Monitoring of Internal Information and Control Systems	X	
Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof	X	

C.1.15 Indicate the total remuneration of the members of the Board:

Remuneration of the board of directors (thousands of euros)	2,507
Amount of the remuneration corresponding to the benefits accrued by the directors on pensions (thousands of euros)	0
Total remuneration of the board of directors (thousands of euros)	2,507

C.1.16 Identify any senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name or company name	Position
ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER
PEDRO CARLOS ECHEVARRÍA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER
BERNARDO CHENA MATHOV	GENERAL MANAGER FOR ARGENTINA
ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
ALEJANDRO PASCUAL GONZÁLEZ	OPERATIONS MANAGER FOR ITALY
ANTONIO PARA ANDRADE	PRODUCT MANAGER FOR SPAIN
FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT DIRECTOR
ITALO DURAZZO	MARKETING AND COMMUNICATIONS MANAGER
JAIME ESTALELLA CARVAJAL	EUROPEAN OPERATIONS MANAGER
MASSIMO RUTA	GENERAL MANAGER FOR ITALY

RAFAEL LÓPEZ-ENRÍQUEZ CHILLÓN	HUMAN RESOURCES MANAGER
SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER

Total senior management compensation (in thousands of euros)	4,030
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C.1.17 Indicate, if applicable, the identity of the members of the Board who are, in turn, members of the Board of Directors of companies having significant shareholdings and/or in companies belonging to its group:

Name of Director	Corporate Name of Significant Shareholder	Position
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING B.V.	MANAGING DIRECTOR

Describe, if any, other than those referred to in the previous section, the members of the Board of Directors with links to significant shareholders and/or the companies thereof:

Related Director Name or Corporate Name	Related Significant Shareholder Name or Corporate Name	Description of the relationship
MASAMPE, S.L.	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE, S.L. is a company fully owned by Mr. José Antonio Martínez Sampedro
ENCARNACIÓN MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	Ms. Encarnación Martínez Sampedro is a shareholder of Masampe Holding B.V.
ENCARNACIÓN MARTÍNEZ SAMPEDRO	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	Blood relation (brothers).
LUIS JAVIER MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	Mr. Luis Javier Martínez Sampedro is a shareholder of Masampe Holding B.V.
LUIS JAVIER MARTÍNEZ SAMPEDRO	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	Blood relation (brothers).

C.1.18 Indicate whether any change has been made during the year in the rules of procedure of the Board:

Yes ☐

No ☒

Description of changes
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C.1.19 Indicate the procedures for selection, appointment, re-election, evaluation and resignation and dismissal of directors. Detail the competent organs, the steps to be taken and the criteria to be employed in each procedure:

- Selection:

The Rules of Procedure of the Board of Directors of the Company empower the Corporate Governance Committee to make recommendations to the Board regarding its duties, appointments or nominations regarding the structure of the Board and its Committees. To this end the Rules of Procedure empower the said Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties. In particular, the Corporate Governance Committee shall ensure that the selection procedures for new vacancies are implicitly unbiased against the selection of female directors. (Articles 16.2. and 1.16 of the Rules of Procedure of the Board of Directors).

- Appointment:

The appointment of the members of the Board of Directors corresponds to the General Meeting of Shareholders (Art. 24.1 of the Corporate Bylaws), notwithstanding the power of the Board to appoint, from among the shareholders, those persons who are to fill any vacancies produced, until the next General Meeting is held (art. 24.16 of the Corporate Bylaws).

Those persons affected by any cause of incompatibility, disqualification, incapacity or legally established prohibition in any territorial sphere affecting the Company, both general causes as well as those applicable in terms of the object and activities of the Company (art. 24.4 of the Corporate Bylaws) are prohibited from being directors or representing directors which are legal persons.

Furthermore, and in any event, the persons appointed as Directors are required to meet not only the conditions called for by law and the Corporate Bylaws but also those established in the Rules of Procedure of the Board of Directors, formally undertaking at the time they take office to comply with the obligations and duties stated therein, it being highlighted that when the Board of Directors makes its proposals to the General Meeting for the appointment of Directors and makes the pertinent appointments under the system of co-option, it will do so at the proposal of the Corporate Governance Committee, in the case of Independent Directors, and after a report by the Corporate Governance Committee in the case of all other directors (art. 2 Rules of Procedure of the Board of Directors).

- Re-election:

The Directors shall perform their duties for the term of six years, being eligible for re-election for further terms of the same duration.

As in the case of appointment, re-election must be preceded either by a proposal (in the case of Independent Directors) or by a report from the Corporate Governance Committee (in the case of all other Directors).

- Evaluation:

Once a year, at the proposal of the Corporate Governance Committee, the Board will evaluate its own functioning, as well as that of its Committees and that of the Chairman of the Board (art. 12 Rules of Procedure of the Board of Directors).

- Resignation:

The Directors shall tender their resignation in the cases and for the reasons established by law or the bylaws (art. 3.1 Rules of Procedure of the Board of Directors).

C.1.20 Indicate whether the board has proceeded during the year to conduct an assessment of their activity:

Yes **X**

No ☐

In such a case, explain the extent to which the self-evaluation has led to major changes in its internal organization and the procedures applicable to its activities:

Description of changes
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C.1.21 Indicate the cases in which directors are required to resign.

Nominee Directors are required to tender their resignation when the shareholder whom they represent sells its entire shareholding or when said shareholder reduces its holding to a level which requires a reduction in the number of Nominee Directors (art. 3.3 Rules of Procedure of the Board of Directors).

The Board shall not propose the resignation of any Independent Director prior to compliance with the statutory period for which said Director was appointed, unless the Board considers that there is just cause for so doing, after a report by the Corporate Governance Committee. In particular, good cause shall be understood to exist when the Director has failed to comply with the duties inherent to his or her position or is affected by any of the circumstances which prevent him from being classified as independent (art. 3.4 Rules of Procedure of the Board of Directors).

The dismissal of Independent Directors may also be proposed as a result of Takeover Bids, mergers or other similar corporate operations entailing a change in the corporate capital structure when said changes in the structure of the Board are made owing to the criterion of proportionality indicated in article 1.9 of these Rules (article 3.5 of the Rules of Procedure of the Board of Directors).

Directors are required to tender their resignation in those cases in which they may harm the trustworthiness and reputation of the Company (art. 3.6 Rules of Procedure of the Board of Directors).

When, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explains the reasons in a letter to be sent to all of the members of the Board (article 3.7 of the Rules of Procedure of the Board of Directors).

C.1.22 Explain whether the position of chairman of the board entails the function of chief executive of the company. If so, indicate the measures taken to limit the risks of accumulation of powers in a sole person.

Yes **X**

No ☐

Measures aimed at limiting risks
Article 7 of the Rules of Procedure of the Board of Directors of Codere, S.A. establishes that notwithstanding the powers of representation and execution corresponding to the Chairman, and the powers of attorney or delegations granted by the Company, the Board of Directors, as the core of its mission, is in charge of approving company strategy and the organization required for the implementation of said strategy, as well as of supervising the established

targets and overseeing compliance therewith by management, and seeing to it that management respects the Company object and interests. Moreover, said article reserves for the Board of Directors the function of approving up to 18 different competencies, ranging from mergers, takeovers, spin-offs or business combinations in which any Codere subsidiary is interested, excluding those taking place solely within its Group, or the disposal of capital holdings in companies or of other fixed assets the value of which exceeds three million euros, or rights assignments with respect to trade name or trademarks, or with respect to patents, technology and any industrial property modality owned by Codere, S.A. and having financial importance, when these go beyond normal Group business activity.

Pursuant to the Rules of Procedure of the Board of Directors, the Chairman and Chief Executive is a member of the Board of Directors, a collegiate body which is required to comply with its functions for a sole independent purpose and strictly within the criteria of thoroughness, impartiality and objectivity as established by Law and the Corporate Bylaws.

Likewise, any resolution or decision which is of special importance to the company, after being approved by the Board, must be submitted to the corresponding Board Committee for review thereby.

Furthermore, in order to adopt certain resolutions, the reports and proposals of the various company Committees must be first obtained.

It is also important to point out that the Chairman does not have a casting vote on the Board of Directors.

Indicate and, if applicable, explain whether regulations have been established which empower one of the independent directors to request that a Board meeting be called, or that new items be included on the agenda, in order to coordinate and voice the concerns of external directors and to conduct the evaluation made by the Board of Directors:

Yes **X**

No ☐

Explanation of rules
<p>Pursuant to article 10.5 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Deputy Chairman, or in the absence thereof, one Independent Director, may request a meeting of the Board or that new items be included on the agenda in order to voice the concerns of the external Directors and conduct the evaluation by the Board of its Chairman.</p> <p>Additionally, article 10.6 in the context of designation of the Deputy Chairman, indicates that if the Board of Directors considers it advisable it may appoint a Deputy Chairman for the purpose not only of replacing the Chairman in the case of absence or illness, but also to collaborate with him in the exercise of his duties.</p>

C.1.23 Are reinforced majorities, other than the legal ones, required for any type of decision?:

Yes ☐

No **X**

Where applicable, describe the differences.

Description of the differences

C.1.24 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

Yes ☐

No ☒

Description of the requirements

C.1.25 Indicate whether the Chairman has a casting vote:

Yes ☐

No ☒

Matters on which a casting vote exists

C.1.26 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate an age limit for directors:

Yes ☐

No ☒

Age Limit for Chairman ☐

Age limit for CEO ☐ Age limit for Directors ☐

C.1.27 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:

Yes ☐

No ☒

Maximum number of years in office	

C.1.28 Indicate whether the corporate bylaws or rules of procedure of the Board of Directors establish any formal processes for proxy voting on the Board of Directors., in particular regarding the maximum number of proxies a director may hold and whether it is required for proxies to be the same type of director. If so, briefly explain the rules.

Article 24.13 of the Bylaws provides that the Directors may delegate in writing their attendance and voting to any other Director.

Also, article 4.1.d. of the Rules of Procedure of the Board of Directors, establishes that Directors, notwithstanding their duty to attend the meetings of the organs which they form part of, and to reduce their absences to only the most essential instances, may delegate proxies to attend on their behalf, provided that said proxy is essential and is granted to another member of the Board in writing, is addressed to the Chairman of the Board, contains instructions and is exclusively for the meeting in question.

C.1.29 Indicate the number of meetings held by the Board of Directors during the past year. Likewise, indicate, if applicable, the number of times that the Board has met without the attendance of its Chairman: This calculation shall consider proxies without specific instructions as cases of non-attendance:

Number of Board meetings	18
Number of Board meetings not attended by the Chairman	0

Indicate the number of meetings which the various Board Committees have held during the year:

Number of meetings of the Executive or Delegated Committee	0
Number of meetings of the Audit Committee	14
Number of meetings of the Appointments and Compensation Committee	0
Number of meetings of the Appointments Committee	0
Number of meetings of the Compensation Committee	0
Number of meetings of the Compliance Committee	9
Number of meetings of the Corporate Governance Committee	8

C.1.30 __ Indicate the number of meetings held by the Board of Directors during the year without the attendance of all of its members. This calculation shall consider proxies without specific instructions as cases of non-attendance:

Attendance by directors	10
% of attendance with respect to total votes during the year	55.56

C.1.31 __ Indicate whether the individual and consolidated annual accounts submitted for approval by the Board have been previously certified:

Yes ☒ No ☐

Identify, if applicable, the person/s who has/have certified the individual and consolidated annual accounts of the company, for the drafting thereof by the Board:

Name	Position
RICARDO MORENO WARLETA	ECONOMIC FINANCIAL MANAGER

C.1.32 __ Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts drafted by it from being presented at the General Shareholders' Meeting with a qualified opinion in the auditors' report.

Pursuant to article 26.5 of the Corporate Bylaws and art. 14.2. e) of the Rules of Procedure of the Board of Directors, the Audit Committee has among its competences that of maintaining relations with external auditors in order to receive information in regard to those matters which might jeopardize the independence of the latter, and any other matters related to the audit process, and likewise to receive information and maintain with the auditor the communications stipulated by law.

In accordance with article 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which shall be channeled through the Audit Committee, shall conform to criteria of loyal collaboration and respect for their independence. It is endeavoured that the annual accounts drafted by the Board will be verified by the auditors without a qualified opinion. In the case whereby such qualified opinions are unavoidable, the Board, the

Chairman of the Audit Committee and the auditors shall explain with clarity to the shareholders the content and scope of the reservations.

The report of the external auditor PriceWaterhouseCoopers corresponding to the year 2013 did not contain a qualified opinion. It included an emphasis made by the company on operations.

C.1.33 Is the Secretary of the Board of Directors a Director?

Yes ☐

No ☒

C.1.34 Explain the procedures for appointment and dismissal of the Secretary of the Board, indicating whether the Secretary's appointment and dismissal have been reported by the Appointments Committee and approved by the plenum of the Board.

Procedure for Appointment and Dismissal
<p>The Rules of Procedure of the Board of Directors of Codere, S.A., in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and dismissal will be reported by the Corporate Governance Committee and approved by the plenum of the Board (article 11.6).</p> <p>In compliance with the provisions of the said Rules, the Corporate Governance Committee of Codere, SA, at its meeting in April 2012, reported favourably on the appointment of the current Secretary Mr Luis Argüello Álvarez, following the resignation of his predecessor and his appointment was subsequently unanimously approved by the Board of Directors at its meeting held in May of the same year.</p>

	<u>Yes</u>	<u>No</u>
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the dismissal?	X	
Does the plenum of the Board approve the appointment?	X	
Does the plenum of the Board approve the dismissal?	X	

Does the Secretary of the Board have the special duty to oversee compliance with the recommendations of good governance?

Yes ☒

No ☐

Comments

C.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the external auditors, the financial analysts, the investment banks and the rating agencies.

- With regard to the independence of the external auditors:

Pursuant to art. 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which are to be channeled through the Audit Committee, shall obey criteria of loyal collaboration and respect for their independence. In addition, art. 14.2.e) of the same Regulation establishes that the Audit Committee shall have

competence over the maintenance of relations with the external auditor, in order to receive information on those matters which may jeopardize the independence of the latter

Also, the Rules of Procedure of the Board of Directors establishes, among other tasks entrusted thereto, that the Audit Committee shall elevate the following to the Board of Directors: the selection, appointment, reappointment and removal of the external auditor, and the terms of their employment and receive regular information from the external auditor on the audit plan and the results of its execution, and verify that senior management are acting on its recommendations (Article 14.3.2, a) and b)).

Lastly, art. 14.3.2 c) of the Rules of Procedure of the Board of Directors stipulates that it corresponds to the Audit Committee to ensure the independence of the external auditor, being required for said purpose to ensure that the Company communicates the change in auditor as a relevant fact to the Spanish Securities Commission (together with a declaration on the eventual existence of disagreements between the incoming and outgoing auditor), ensure that the Company and the auditor respect the regulations in effect regarding the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and examine any circumstances which may have led to the resignation of the external auditor.

- With regard to the independence of financial analysts, investment banks and rating agencies:

Article 6.2 of the internal Code of Conduct in Securities Markets stipulates that at the informative meetings between the company or its representatives with analysts, institutional investors and other securities market professionals, it will be endeavoured to follow the recommendations established in said regard by the Spanish Securities Commission.

As a follow-up to the above, the investor relations department channels communication with institutional shareholders and financial analysts which cover the action of the Company, taking care to ensure that they are not furnished with any information which could entail a situation of privilege or advantage for them, in relation to the rest of the shareholders and moreover, consequently complying with the provisions of art. 6.1.c) of the Internal Code of Conduct in Securities Markets, which stipulates as prohibited conduct the recommendation to third parties of the acquisition, sale or assignment of company securities on the basis of privileged information.

C.1.36 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and the outgoing auditor:

Yes ☐

No ☒

Outgoing Auditor	Incoming Auditor

In the event of any disagreement with the outgoing auditor, explain:

Yes ☐

No ☐

Explanation of disagreements

C.1.37 Indicate whether the auditing firm does any work other than auditing for the company and/or its group, and, if this be the case, state the fees received for said work and the percentage this entails of the fees invoiced to the company and/or its group:

Yes ☒

No ☐

	Company	Group	Total
Amount of work other than auditing (thousands of euros)	166	494	660

Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	35%	24%	26%
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C.1.38 Indicate whether the audit report of the Annual Accounts for the preceding year shows any reservation or qualified opinion. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations or qualified opinions:

Yes ☐

No ☒

Explanation of reasons

C.1.39 Indicate the number of years that the current auditing firm has been auditing the annual accounts of the company and/or its group without interruption. Likewise, indicate what percentage the number of years audited by the current auditing firm is with respect to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	5	5

	Company	Group
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	31.25	31.25

C.1.40 Indicate whether there is any procedure allowing directors to have access to external consultancy, and if so, give details:

Yes ☒

No ☐

Detail of Procedure
<p>Under Article 5.1 of the Rules of Procedure of the Board of Directors of Codere, SA, the Directors, in addition to access to all services of the company and to seek information and advice they need to perform their duties, shall be entitled to propose to the Board of Directors to hire external financial, legal, technical, commercial advisors or any other measures deemed necessary in the interests of company. External consultancy is to be sought when the majority of independent Directors coincide on the need thereof.</p> <p>Additionally, article 13.6 of the Rules of Procedure of the Board of Directors establishes that the Committees are authorized, in addition to the power to call for the attendance and collaboration of Company managers and employees, to contract external advisors when required by the Chairman of the Board. Managers, employees and outside consultants report directly to the Committee seeking their services.</p>

C.1.41 Indicate and if so, detail whether there is any procedure allowing directors to have access to the information required to prepare the meetings of the organs of administration sufficiently in advance:

Yes ☒

No ☐

Detail of Procedure
<p>Pursuant to article 12 of the Rules of Procedure of the Board of Directors of Codere, S.A., the notice of meeting shall at all times include the agenda of the meeting together with any written information deemed suitable as stipulated in said Rules. Nevertheless, when the Chairman deems that there are exceptional circumstances so requiring, the meeting of the Board may be called by telephone, fax or email, without observing the term of advance notice mentioned in said article (5 days), and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.</p> <p>Likewise, article 10.4 of the aforementioned Rules states that the Chairman, as the person responsible for the effective running of the Board, is required to ensure that the Directors receive sufficient information in advance; the Chairman will encourage debate and active participation of the Directors during Board meetings, safeguarding their freedom to take a stand and express their opinion, and will coordinate together with the Chairman of the Corporate Governance Committee the periodical evaluation of the Board.</p> <p>Lastly, article 13 of the Rules of Procedure establishes that the Board of Director Committees (Audit, Compliance and Corporate Governance) shall bring their manner of operating in line with the provisions of said Rules.</p>

C.1.42 Indicate, and if applicable, detail whether the company has established any rules requiring directors to report to the company any cases which may harm the trustworthiness and reputation of the company and, where appropriate, to resign:

Yes ☒

No ☐

Explain the Rules
<p>Article 3.6 of the Rules of Procedure of the Board of Directors stipulates that Directors are required to resign in those cases which may harm the trustworthiness and reputation of the Company, and likewise to report to the Board any criminal action brought against them, as well as the subsequent procedural outcome. If a Director is prosecuted or is brought to trial for any of the crimes indicated in article 213 of the Capital Companies Act, the Board will examine the case as soon as possible and in view of the specific circumstances, will decide whether or not the Director should remain in his post. The Board will report on the matter in the Annual Corporate Governance Report.</p>

C.1.43 Indicate whether any member of the Board of Directors has informed the company that he or she has been indicted or ordered to stand trial for any of the crimes indicated in article 213 of the Capital Companies Act:

Yes ☐

No ☒

Name of Director	Criminal proceedings	Comments
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Indicate whether the Board of Directors has analyzed the case. If so, give a reasoned explanation of the decision taken as to whether or not it is advisable for the director to remain in his or her position.

Yes ☐

No ☒

Decision / action taken	Reasoned explanation
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C.1.44. Detail the significant agreements entered into by the company and which will enter into force, be amended or concluded in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof.

1.- Senior Credit Line: On July 5, 2013, Codere, S.A. signed the novation of Senior Credit Facility dated 19 October 2007, initially maturing in June 2013 and was finally extended by agreement with the lenders until 5 July 2013. The new agreement extended the maturity by six months from the signature, setting the maximum amount available at €98,560,385, of which up to sixty million in available credit in cash and the rest in security instruments, the applicable interest rate being the greater of the following: (a) 8.50% per annum or (b) LIBOR plus 7.50% per annum. An arrangement fee of 5% of the amount made available and a facility fee of 3.25% per annum is applied on the amount available.

On 13 September 2013, Codere, S.A. signed a new agreement with the creditors of the Senior Credit Agreement by which it was agreed to increase the total amount to the maximum amount available of €35 million, with the applicable interest rate on the amounts drawn under this new credit tranche being the greater of (a) LIBOR plus 7.00% per annum or (b) 8.00% per annum, maturing on 5 January 2014. Similarly, a commitment fee of €1,069,444 and a commission of 3.25% on availability is applied.

On 9 January 2014, Codere, S.A. and the participants in the Senior Credit Agreement dated October 19, 2007 signed a new agreement for modification and extension of the Senior Credit Agreement, pursuant to which the date of maturity was extended to February 6, 2014, with an option for a further extension of maturity until April 15, 2014 subject to fulfilment of certain conditions, without changing the amount of credit renewed, reaching 127.1 million euros, with an increase of 1% per annum on the interest rate applicable to each of the financial instruments.

Said Senior Credit Agreement dated October 19, 2007, amended the terms described above, provides an early termination in the event of a change of control of the company Codere, S.A. and all amounts due thereunder shall, where applicable, be immediately paid within two business days. In any case, the maturity date of the said Senior Credit Agreement occurred on February 6, 2014 without meeting the requirements for further extension, so the significance if a change of control occurred in the Company's is very relative.

2.- Bond Issue for 760 million Euros: The Codere, S.A. subsidiary, Codere Finance SA (Luxembourg), has issued bonds maturing in 2015 (different dates from June 2005) for an aggregate nominal amount of 760 million euros. The issues are guaranteed by Codere S.A., and several of its subsidiaries. In the case of a change in control of Codere S.A., the bond holders would be able to request the early repurchase of all or part of their certificates.

3. Bond Issue for 300 million USD: On February 1, 2012, the subsidiary of Codere, S.A., Codere Finance SA (Luxembourg) issued bonds maturing in 2019, for a nominal amount of USD 300 million, which was fully subscribed on the same date. The issue, which was guaranteed by Codere S.A. and several of its subsidiaries, is in addition to the bond issues carried out by Codere Finance (Luxembourg) S.A. mentioned in the preceding point. In the case of a change in control of Codere S.A., the bond holders would be able to request the early repurchase of all or part of their certificates.

Additionally, there is another series of contracts with service providers, which provide for early termination in the case of a change in the control or ownership of Codere, S.A. (or of the supplier) without the need of the written consent of the other party in advance, although we consider that these agreements are of relative importance.

C.1.45__Identify in aggregate and specify, in detail, the agreements between the company and its directors and executives or employees providing for compensation, indemnity or guarantees, if they resign or are made redundant without valid reason or if the contractual relationship comes to an end as a result of a public takeover bid or other corporate operations.

Number of beneficiaries	5
Type of beneficiary	Description of the agreement:
EXECUTIVES	<ul style="list-style-type: none"> In three of the contracts the guarantee is compensation for dismissal equivalent to one year of salary; Another case is for severance pay equal to 18 months, and In the last case, the clause provides for a severance payment equal to one year, unless the termination occurs following a change of management due to a change in significant shareholders. In this case, the compensation shall be equal to two years' salary.

Indicate whether the existence of such contracts is required to be reported and/or whether they must be approved by the governance organs of the company or of its group:

	Board of Directors	General Meeting of Shareholders
Organ authorizing the contracts	X	

	YES	NO
Was the General Meeting of Shareholders informed of the contracts?		X

C.2__Board of Directors' Committees

C.2.1__Detail all of the Committees of the Board of Directors as well as the independent and nominee members thereof:

AUDIT COMMITTEE

Name	Position	Type
JUAN JOSÉ ZORNOZA PÉREZ	CHAIRMAN	INDEPENDENT
EUGENIO VELA SASTRE	MEMBER	INDEPENDENT
JOSEPH ZAPPALA	MEMBER	INDEPENDENT
JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE

% of executive directors	0%
% of nominee directors	25%
% of independent directors	75%
% of other external directors	0%

COMPLIANCE COMMITTEE

Name	Position	Type
JOSE IGNACIO CASES MÉNDEZ	CHAIRMAN	NOMINEE
JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE
JOSEPH ZAPPALA	MEMBER	INDEPENDENT
JUAN JUNQUERA TEMPRANO	MEMBER	INDEPENDENT
MASAMPE, S.L.	MEMBER	NOMINEE

% of executive directors	0%
% of nominee directors	60%
% of independent directors	40%
% of other external directors	0%

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Type
JUAN JUNQUERA TEMPRANO	CHAIRMAN	INDEPENDENT
EUGENIO VELA SASTRE	MEMBER	INDEPENDENT
JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	INDEPENDENT
JOSE IGNACIO CASES MÉNDEZ	MEMBER	NOMINEE
MASAMPE, S.L.	MEMBER	NOMINEE

% of executive directors	0%
% of nominee directors	40%
% of independent directors	60%
% of other external directors	0%

C.2.2_ Complete the following table with information on the number of directors comprising the committees of the board during the last four years:

	Number of directors							
	Year t		Year t-1		Year t-2		Year t-3	
	Number	%	Number	%	Number	%	Number	%
Audit Committee		0%		0%		0%		0%
Corporate Governance Committee		0%		0%		0%		0%
Compliance Committee		0%		0%		0%		0%

C.2.3_ Indicate whether the following functions correspond to the Audit Committee:

	Yes	No
Supervise the process for the drafting and the completeness of the financial information regarding the company and, where appropriate, the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.	X	
Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;	X	
Monitor the independence and efficiency of the internal audit process; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into consideration the conclusions and recommendations of its reports.	X	
Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they observe in the company and which may have repercussions, especially in regard to financial and accounting matters.		X
Submit to the Board proposals regarding the selection, appointment, re-election and replacement of the external auditor, as well as the auditor's contract conditions;	X	
Receive on a regular basis from the external auditor information regarding the audit plan and the results of its implementation, and verify that senior management take into consideration the recommendations thereof.	X	
Ensure the independence of the external auditor	X	

C.2.4_ Describe the rules of procedure regarding the organization and operation, as well as the responsibilities, of each Board committee.

AUDIT COMMITTEE

Article 14 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Audit Committee as well as the powers of said Committee.

Rules of organization and operation: The Audit Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors.

The members thereof, and especially the Chairman, shall be designated taking into account their knowledge and experience in accounting, auditing or risk management.

The Chairman of the Audit Committee must be an Independent Director, and must be replaced every four years, being eligible for re-election one year after his resignation.

The Audit Committee shall meet at least once every quarter, and whenever it is deemed necessary, after a meeting is called by its Chairman, either at his own decision or at the request of two committee members or the Board of Directors or its Chairman.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the primary function of the Audit Committee shall be that of supporting the Board of Directors in its financial supervisory functions and, specifically, it shall have at least the following competences:

- (a) Inform the General Meeting of Shareholders about the matters posed at said General Meeting by shareholders in regard to matters which are the competence of the Audit Committee.
- (b) Propose to the Board of Directors the appointment of external auditors in order that the Board may submit the proposal to the General Meeting of Shareholders.
- (c) Supervise internal audit services.
- (d) Be informed of the financial information process and internal control systems.
- (e) Maintain relations with external auditors in order to receive information in regard to those matters which might jeopardize the independence of the latter, and any other matters related to the audit process, and likewise to receive information and maintain with the auditor the communications stipulated by law.
- (f) Report on the annual accounts as well as on issue prospectuses, and on the periodical financial information which is to be sent to the regulatory agencies quarterly or every six months, paying special attention to compliance with the legal requirements and the correct application of the generally accepted accounting principles, to the existence of internal control systems and to the monitoring thereof, and to compliance with internal auditing.
- (g) Once a year draft an annual report containing the activities carried out by the Committee

In particular, the Audit Committee shall:

1. In relation to the information and internal control systems:

- a) Supervise the process for the drafting, presentation and completeness of the financial reporting related to the Company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- b) Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;

- c) See to it that the internal audit function is run independently and efficiently; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into account the conclusions and recommendations contained in its reports;
- d) Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

In relation to the external auditor:

- a) Submit to the Board proposals regarding the selection, appointment, re-election and replacement of the external auditor, as well as the auditor's contract conditions;
- b) Receive on a regular basis from the external auditor information regarding the audit plan and the results of its implementation, and verify that senior management take into consideration the recommendations thereof.
- c) Ensure the independence of the external auditor, and, in said regard: i) Ensure that the Company communicates to the Spanish Securities Commission any change in auditor, together with a declaration on the eventual existence of discrepancies with the outgoing auditor and, should such discrepancies exist, an explanation thereof. ii) Ensure that the Company and the auditor respect the regulations in effect on the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and, in general, all other regulations stipulated in order to ensure the independence of the auditors; iii) In the case of resignation of the external auditor, examine the circumstances giving rise thereto.
- d) Favour the circumstance whereby the auditor of the group, if applicable, takes on the responsibility for auditing the companies comprising the group.
- e) Discuss with the auditors or audit firms any significant weaknesses in internal control identified in the performance of the audit.
- f) Establish appropriate relationships with the auditors or audit firms to receive information on any issues that might jeopardize their independence, for consideration by the Committee or any others related to the performance of the audit process, as well as other communications provided for in audit legislation and auditing standards. In any case, the Audit Committee shall receive annually from the auditors or audit firms written confirmation of their independence from any directly or indirectly related entity or entities thereof, and information of any additional services of any class provided to said entities by said auditors or audit firms, or by persons or entities linked to them in accordance with the provisions of Law 19/1988 of 12 July, on Account Auditing.
- g) Annually issue, prior to issuance of the audit report, a report which will express an opinion on the independence of the auditors or audit firms. This report shall, in any case, report on the provision of additional services as referred to above.

3. Inform the Board, prior to adoption by the latter of the decisions which are reserved to it under article 7.17 of these Rules, in regard to the following matters:

- a) The financial information which, given that it is a listed company, the company is required to make public periodically. The Committee should ensure that the intermediate accounts are drafted using the same accounting criteria as the annual accounts and, for this purpose, consider the suitability of a limited revision by the external auditor;

- b) The creation or acquisition of shareholdings in special-purpose companies or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, may diminish the transparency of the group;
- c) Related-party transactions.

COMPLIANCE COMMITTEE:

Article 15 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Compliance Committee as well as the powers of said Committee.

Rules of organization and operation: The Compliance Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors.

The Chairman of the Compliance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Corporate Governance Annual Report.

The Compliance Committee shall meet whenever the Board of Directors requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Compliance Committee shall have the following functions:

- (a) The monitoring of compliance by the Company and the Group of Spanish or foreign regulations applicable to it in matters of gaming.
- (b) Evaluate the internal control systems of the Company and of the Codere Group in relation to their reporting and transparency obligations in matters of gaming, and make those proposals for introduction and improvement which it deems necessary or advisable.
- (c) The monitoring of compliance and control systems by the Company and the Group of the regulations regarding the prevention of money laundering, and the proposals for introduction and improvement which it deems necessary or advisable.
- (d) Establish and supervise a mechanism which allows employees, customers, suppliers and other third parties with which contractual relations exist, to communicate confidentially and if it deems it appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may note within the company.
- (e) Monitor the security systems and measures applied in carrying out Company and Group business, being informed periodically by the managers in charge of said matter.

CORPORATE GOVERNANCE COMMITTEE:

Article 16 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Corporate Governance Committee as well as the powers of said Committee.

Rules of organization and operation: the Corporate Governance Committee which also integrates the nature and functions which the Unified Code of Good Governance of listed companies recommends for the Appointments and Compensation Committee, is formed by a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors, at least half of which must be Independent Directors.

The Chairman of the Corporate Governance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Annual Corporate Governance Report.

The Corporate Governance Committee shall meet whenever the Board of Directors or its Chairman requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Corporate Governance Committee shall have the following functions:

- (a) Examine compliance with the Internal Rules of Conduct in relation to the Securities Markets and make any proposals required for the improvement thereof, and likewise supervise compliance with the rules of corporate governance applicable in said regard.
- (b) Draft reports and proposals to the Board regarding decisions to be adopted in cases of conflict of interests.
- (c) Submit the Corporate Governance Annual Report and the Report on Directors' Compensation Policy to the Board for approval thereby.
- (d) Make the proposals provided for under these Rules, with respect to compensation payable to members of the Board of Directors.
- (e) Evaluate the competences, knowledge and experience required on the Board, consequently defining the functions and aptitudes required of candidates who are to cover each vacancy, and evaluate the time and dedication required in order to carry out their duties properly.
- (f) Make proposals to the Board regarding the functions of the latter -in regard to appointment or proposal- concerning the composition of the Board and the Committees thereof.
- (g) Report on the appointments and dismissals of senior management proposed by the chief executive to the Board.
- (h) Inform the Board, whenever applicable, of the various matters provided for in article 1.12.
- (i) Present proposals to the Board of Directors in regard to the compensation of the President and Chief Executive as chief executive officer of the company, or of the other executive directors, apart from the compensation they receive as Directors pursuant to the Corporate Bylaws and likewise in regard to all other conditions of their contracts.
- (j) Propose to the Board the general compensation policy for senior management of the Company and its subsidiaries and affiliates, as well as senior management basic contract conditions.
- (k) Set guidelines and supervise action in regard to the appointment, selection, career development, promotion and dismissal of managers, in order for the Company to have the highly qualified personnel required for the management thereof.
- (l) Present proposals to the Board and prepare the examination of the matters which the Board must be informed of, in matters which are not the specific competence of any of the other Committees, whenever this is deemed necessary.

C.2.5_ Indicate the existence, if any, of rules of procedure for the Board committees, the place where they are available for consultation and any changes made in them during the year. In turn, indicate whether any annual report in regard to the activities of each committee has been voluntarily drafted:

AUDIT COMMITTEE:

The organization and operation of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors and under article 26 of the Corporate Bylaws. Said regulations, which have not been changed during the year, are available on the Codere website (www.codere.com).

The Audit Committee has presented a report to the Board of Directors on the activities it has carried out during 2013.

CORPORATE GOVERNANCE COMMITTEE:

The organization and operation of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. Said regulation, which has not been changed during the year, is available on the Codere website (www.codere.com).

The Corporate Governance Committee has presented a report to the Board of Directors on the activities it has carried out during 2013.

COMPLIANCE COMMITTEE:

The organization and operation of the Compliance Committee is regulated in detail in article 15 of the Rules of Procedure of the Board of Directors. Said regulation, which has not been changed during the year, is available on the Codere website (www.codere.com).

The Compliance Committee has presented a report to the Board of Directors on the activities it has carried out during 2013.

C.2.6 Indicate whether the composition of the management or executive committee reflects the participation in the Board of the various directors in terms of their type of directorship:

Yes ☐

No ☒

If "NO", explain the composition of your Executive Committee
The company does not have an Executive Committee

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Identify and explain, if appropriate, competent body and the procedure for approval of related-party and intra-group transactions.

Body responsible for approving related-party transactions
BOARD OF DIRECTORS

Procedure for the approval of related-party transactions
Article 7 of the Rules of Procedure of the Board of directors of Codere, S.A. states that related-party transactions must be approved by the Board of Directors following a favourable report of the Audit Committee. The Directors affected by these transactions can neither exercise nor delegate their votes, should be absent from the meeting while the Board deliberates and votes.

However, authorization of the Board is not required for related-party transactions that simultaneously meet the following three conditions:

- (i) They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- (ii) That they be carried out at prices or rates generally established by the supplier of the good or service in question;
- (iii) The amount does not exceed 1% of the annual revenue of the Company.

Explain whether the approval of transactions with related parties has been delegated, indicating, where appropriate, the body or persons to which it has been delegated.

The Board has reserved that power and it has not been delegated to any other body or person.

D.2 ___ Detail the transactions which are significant due to the amount or subject matter between the company or entities of its group, and the significant shareholders of the company:

Significant Shareholder Name or Corporate Name	Name of company or entity of its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
--	--	--	--	--

D.3 ___ Detail the transactions which are significant due to the amount or subject matter between the company or entities of its group, and the directors or management of the company:

Name of director or manager	Related party name or corporate name	Relationship	Nature of the operation	Amount (thousands of euros)
ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	503
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	1,006
JOSE RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	DIRECTOR	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	503
JOSE RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	DIRECTOR	PROVISION OF SERVICES	500
ADOLFO CARPENA MANSO	CODERE, S.A.	EXECUTIVE	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	101

JAIME ESTALELLA CARVAJAL	CODERE, S.A.	EXECUTIVE	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	101
FERNANDO ORS VILLAREJO	CODERE, S.A.	EXECUTIVE	AGREEMENTS FOR FINANCING LOANS AND CAPITAL CONTRIBUTIONS	151

D.4 ___ Detail the significant transactions carried out by the company with other companies belonging to the same group, provided that these are not eliminated in the process of drafting the consolidated financial accounts and do not form part of the normal business activity of the company in regard to their object and conditions.

In any case, report any intra-group transaction carried out with entities established in countries or territories considered as a tax haven:

Name of group company	Short description of operation	Amount (thousands of euros)
--	--	--

D.5 ___ Indicate the amount of transactions with other related parties.

There were no transactions of this type.

D.6 ___ Detail the mechanisms established in order to detect, determine and resolve any possible conflict of interest between the company and/or its group, and its directors, management or significant shareholders.

Among the duties of Directors stipulated in Article 4 of the Rules of Procedure of the Board of Directors of Codere, S.A. is the duty of loyalty to company interests and, in said regard, paragraph 4.d thereof states that: The Directors are required to communicate to the Board of Directors any situation of direct or indirect conflict which they may enter into with respect to Company interests. In the case of conflict, the affected Director shall refrain from taking part in the transaction which is the object of conflict. Situations of conflict of interests shall be reported in the annual report.

Article 16 of the said Rules, when regulating the composition, functioning and competences of the Corporate Governance Committee, determines that said Committee shall draft reports and proposals to the Board regarding the decisions to be adopted in cases of conflict of interests.

In addition, in accordance with article 5 of the Codere Internal Code of Conduct in Securities Markets, the affected persons (that is, directors, senior management, and employees which may have access to privileged information) are required to adapt their actions in relation to the conflict of interest not only to the provisions of said Code but also to the provisions of the Rules of Procedure of the Board of Directors, insofar as these are applicable to them.

When a situation takes place which entails, or may potentially entail, a conflict of interest, the person subject to the Code must immediately inform the General Secretariat of said situation, and furnish said Secretariat with all information requested of said individual for an evaluation of the circumstances of the case, if required.

The General Secretariat shall pass this on to the Board Committee for the adoption of the pertinent decisions. The Board Committee is to be consulted about any doubt as to the possible existence of a conflict of interest before any decision which could be affected by said conflict of interest is adopted.

The General Secretariat shall communicate the existence of the conflict of interest to the person or persons involved in the management of the situation or in the adoption of the decisions affected by said conflict.

The person subject to the Code who is affected by a situation of conflict of interest shall refrain from taking part in or directly or indirectly influencing the transaction, decision or situation affected by said conflict.

In the case of a conflict of interest, as a general rule resulting from the obligation of loyalty to the Company, the interest of the Codere Group is to prevail over that of the affected person subject to the Code.

D.7 Does the Group have more than one listed company in Spain?

Yes ☐

No ☒

Identify the listed subsidiaries:

Listed subsidiaries
--

Have the respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group been expressly publicly announced:

Yes ☐

No ☐

Define any business dealings between the parent company and the listed subsidiary, and between it and the other group companies
--

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve potential conflicts of interest
--

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Management System of the company.

The Risk Management System exists at the business area level or for specific projects but does not consolidate information at the corporate or group level.

During 2012, the Board of Directors approved the Risk Control and Management General Policy as well as the Risk Tolerance Document for the year 2014.

The Codere Group Risk Control and Management General Policy aims to establish the basic principles and general action framework for the control and management of every type of risk faced by the Group.

All actions aimed at controlling and mitigating risk at all times follow certain basic principles, such as the integration of risk-opportunity vision, operating level segregation of risk-taking areas, and areas responsible for risk analysis, control and supervision; guarantee of the correct use of hedge instruments and assurance regarding adequate compliance with corporate governance rules and the values set out by the company in its Code of Ethics.

The Risk Control and Management General Policy and its basic principles are materialized through a system of risk control and management, based on a definition and assignment of functions and responsibilities at the operating level and on a series of procedures and methodologies in line with the various stages and activities of the system. The principal stages and activities include, but are not limited to, the following:

- a. Risk tolerance definition by the Board of Directors.
- b. Annual identification and analysis of the significant risks conducted by each Business Unit and/or department.
- c. Reporting of the principal risks, especially those exceeding the limits established by the Board of Directors.
- d. Introduction and control of compliance with policies, guidelines and limits, through adequate procedures and systems required to mitigate the impact of risk materialization.
- e. Periodical evaluation and communication, at least yearly, of the results of the control and management monitoring.
- f. Auditing of the system by the Internal Audit Management.

E.2 Identify the organs of the company responsible for the development and implementation of the Risk Management System.

Article 26 of the Company Bylaws stipulates that the Audit Committee shall at least carry out the functions of supervising the efficacy of company internal control, internal auditing, if applicable, and the risk management systems. Likewise, article 15.3 of the Rules of Procedure of the Board of Directors establishes that the Audit Committee in particular is in charge of periodically revising the internal control and risk management systems for the proper identification, management and dissemination of the principal risks. Lastly, the Board of Directors has conferred upon the Audit Committee (which in turn has delegated to the Internal Audit Management) the responsibility of periodically revising the risk control and internal control systems, for the proper identification, management and dissemination of the principal risks. Likewise, at least once a year the Audit Committee is required to report to the Board of Directors in regard to risk control and any malfunctions detected in the internal audit reports or in the exercise of its functions.

E.3 Describe the main risks that may affect the achievement of business objectives.

The Risk Control and Management General Policy includes the identification and definition of the typology of risks which are significant for the Group, and which, in general terms, are listed below:

- Operational and Loss of Income Risks: established as the uncertainty in regard to the performance of key variables intrinsic to the business, as well as those related to direct or indirect economic loss resulting from inadequate internal processes, technological breakdown, human error or as the result of outside events, including economic, social and reputational impact.
- Regulatory and Institutional Relation Risks: these come from changes in regulations established by the various regulators where the Group has a presence, principally in regard to the conditions

related to the exploitation of the licenses granted, and which may adversely affect foreseen income. Likewise included are risks from delays, complications, and even the impossibility of carrying out projects, improvements, offers of new products, etc., owing to difficult relations with the regulatory institutions.

- Fiscal Risks: resulting from the various interpretations which, in the case of audit, regulators may give to the fiscal criteria followed by the Group.
- Indebtedness Risk: As a consequence of the indebtedness level and characteristics, the debt service obligations may hinder the growth of Group operations and limit their performance. As a result of the obligations assumed in borrowing operations, there are limits on additional indebtedness, the possibility of granting new guarantees, investing in certain assets or disposing of them, and the obligation of compliance with certain ratios and covenants.
- Country Risk: Risk resulting from the sociopolitical situation of the countries in which the Group has a presence, especially in Latin America. This category also includes the risks resulting principally from the local currency exchange rate fluctuations against the euro in those countries where the Group has a presence.
- Technological Risk: refer to the negative impacts that may occur in the Group as a result of losses caused by interruption, failure or damage arising from the information systems and technology platforms game.
- Reputational Risk: Potential negative impact on Group value as the result of conduct by the company which does not meet the expectations created in the various stakeholders.

E.4 Identify whether the company has a level of risk tolerance.

The general risk management and control policy of the Codere Group provides that the Board of Directors of Codere, S.A. is responsible for defining the Group's risk tolerance.

The definitions of tolerance and risk levels are regularly updated and communicated to the rest of the organization by establishing a framework of policies, guidelines and limits, as well as the corresponding mechanisms for the approval, which will contribute effectively to ensuring that Risk management is conducted in accordance with the risk tolerance of the Company.

To this end, the Company has established a scale with five levels of risk tolerance. For each of the types of risks to which the Group is subject a value of this scale is assigned, thereby establishing the risk tolerance by type of risk.

The risk analysis is decentralized to the heads of each business unit and/or department, who are responsible for understanding and managing each of the risks that affect them. Annually, in accordance with said analysis, the principal risks, especially those exceeding the limits established by the Board of Directors must be reported.

E.5 Indicate which risks have materialized during the year.

Operational risks:

Circumstances giving rise to the risk: These risks are intrinsic to the business model, to Group activity and to the markets in which it operates, and therefore exist and are materialized throughout each business year.

How the control systems functioned: The internal control systems established by the Group have been functioning correctly throughout the year; consequently, they have had no significant effect on the Group financial statements.

Regulatory risk:

Circumstances giving rise to the risk: During the year there were some exceptional factors driven by regulatory changes made by different regulators where the Group operates and have generated significant liquidity problems in the group. These factors include: Payment for early renewal of gaming licenses in the province of Buenos Aires, the introduction of the smoking ban in Argentina, closing 8 arcades in Mexico and increases in the tax burden on the sector in several countries where we operate.

How the control systems functioned: As soon as these threats and risks are identified, we apply suitable mitigation plans through both the Group's interest in the relevant industry associations, and through the activity of institutional relationship and by establishing process optimization plans and improving the efficiency of operations sufficient to recover the levels of margins initially planned.

Fiscal Risks:

Circumstances giving rise to the risk: Due to the clarification from the Mexican Tax Agency on the criteria related to gaming taxes, Mexican companies have had to make a payment to regularize the tax situation.

How the control systems functioned: Established control mechanisms had identified potential risks and contingencies, allowing the correction mechanisms in the extent to which they were provided.

Indebtedness Risk:

Circumstances giving rise to the risk: Due to liquidity problems suffered by the Group during the year, and motivated by different factors, the Group has been in a deficit cash position and given the January 5, 2014 maturity of the senior debt SFA amounting to 127.1 million euros, Codere, S.A. has submitted the communication provided for in Article 5 bis of the Bankruptcy Act before the Commercial Court in Madrid, requesting Pre-bankruptcy protection.

How the control systems functioned: The Group maintains continuous contact with its major creditors as soon as the first liquidity strains were revealed, entering into negotiations with creditors as well as the search for new sources of funding to resolve these tensions. Despite the pre-bankruptcy situation these negotiations continue.

Country risk:

Circumstances giving rise to the risk: Sociopolitical instability in Argentina has resulted in difficulties and restrictions in repatriating funds to Spain, as well as the impact of the devaluation of the Argentine currency against the euro.

How the control systems functioned: Once the restrictions were identified, the risk was managed through the institutional relation and the seeking of alternative financing sources.

E.6 Explain the response plans and supervision for all major risks of the company.**Specific control of Regulatory, Operational and Reputational Risks under the Code of Ethics and Conduct**

The General Risks Map of GRUPO CODERE highlights the potential impact of specific risks emanating from **Regulatory Frameworks** affecting the gaming sector in all geographic areas, especially on **the Prevention of Money Laundering** (RG. 1. c .) and proper compliance with the many regulations affecting the opening and operation of the gaming halls of various types and the game elements and systems included.

In parallel, the protection from **Reputational and Operational Risks** that may affect the Codere Group is approached from different perspectives designed to ensure the adequacy of third parties, customers, suppliers and our own staff so that the standards of **Ethical Conduct** and prior knowledge of possible causes of appropriateness, are achieved by various processes ensuring adequate Due Diligence and compliance with KYC rules. At the same time, the above is enhanced with a tool for effective channelling of complaint through a **Whistleblower Channel**, confidentially, for employees, third parties and customers in all matters affecting the protection of their professional and personal interests derived from their work as well as the economic interests of the Codere Group in any geographic area in which it operates.

All this is included in the **Compliance Policy adopted by the CODERE Group** as part of its ongoing efforts to maximize compliance efforts with the various regulations and improve sound business practices. And to that end, CODERE, S.A. has established its **General Compliance Plan** approved by the Board of Directors on September 22, 2005.

To effectively address this Compliance Plan, the article 15 of the Rule of Procedure of the Board of Directors of CODERE, S.A. established the creation of the **Compliance Committee**, which, among other related tasks, performs the ongoing monitoring *of compliance and control systems by the Company and the Group of the rules on the prevention of money laundering and the proposed implementation and improvement as it deems necessary or desirable*. The Compliance Committee also *monitors implementation throughout the Codere Group of the Code of Ethics and Conduct approved by the Board of Directors on January 27, 2011 and the various Ethical and Complaints channels* in all geographic areas to allow employees, customers, suppliers, and other third parties with whom the company has contractual relationships, to confidentially and, if necessary, anonymously, communicate any irregularities of potential importance, especially financial and accounting irregularities within the company.

For the actual efficiency of the Committee's work, CODERE SA created **the Corporate Compliance Department**, which directs and coordinates compliance officers expressly instituted in all geographic areas in which the Company operates, with *the exclusive and permanent mission to accomplish, internally and externally, in all business units of any geographic area, full compliance with the letter and spirit of the law and the use of best practices and codes of conduct*.

The CODERE Compliance Policy

Codere has taken as a standard of compliance the framework established by the Basel Committee in 2004 and the FATF Recommendations of February 2012 (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation), as well as European Commission Directive 2005/60/EC and regulations in development thereof. Likewise, and given that the CODERE Group Parent resides in Spain, in all of its geographical areas Law 10/2010 on the Prevention of Money Laundering and Terrorist Financing operates collaterally as the minimum standard to be respected as well as its Global Plan for Compliance which ensures that the standard is operative.

Consequently, CODERE has integrally taken on the latest and most ample version of the Compliance Function as an **Independent Function** which identifies, provides consultancy, alerts, monitors and reports the compliance risks in organizations, that is, the risk of receiving sanctions for legal or regulatory breaches, suffering financial loss or loss of reputation as the result of failure to comply with applicable laws, regulations, codes of conduct and good practice standards (together, 'laws, regulations and standards').

Codere, therefore, requires of itself and also of its associates, suppliers and customers, the strictest conformity to gaming sector regulations in every country in which it operates, as well as scrupulous respect for all financial, fiscal and labour norms wherever it carries out its activity.

In order to guarantee the proper functioning and operation of the Compliance Department, both its corporate duties and the Local Compliance Officers are audited annually by both the Internal Audit Department and by the corresponding External Audit. Additionally, all tasks involving the prevention of money laundering must annually pass an **External Expert Review** imposed by Spanish legislation.

Accordingly, the Compliance Policy evidences the special commitment of CODERE to the laws against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and compliance with the internal code of conduct, all of which takes shape in the following **strategic objectives**:

- Establish the activities and mechanisms needed to implement a conscious Culture of Compliance throughout the Company as an indispensable tool to help reach and maintain the level of excellence that CODERE aspires to.
- Cooperate in identifying and establishing the strictest standards of ethical conduct and applicable law in the carrying out of Codere business activities.
- Achieve the proactive participation of all executives and employees in Codere's Compliance policies in the various activities and geographical areas in which the company operates, setting minimum coordination mechanisms and requirements among the various agents.
- Identify, evaluate and control the main Compliance risks, defined as those which can result in legal sanctions, material financial loss or loss of reputation as a result of possible violations of the laws, regulations and self-regulatory standards of the company or of the codes of conduct applicable to Codere's business activities.

CODERE Compliance Policy execution processes.

During 2013 we continued to develop and/or improve the following processes and actions by Local and Corporate Compliance:

- Standardization of the International Policies for the Prevention of Money Laundering in Codere S.A., especially the FATF Recommendations 2012.
- Updating of the manual on the Prevention of Money Laundering and Terrorist Financing, both Corporate as well as the various Business Units
- Dissemination and personal acceptance by employees of the Code of Ethics and Conduct of the CODERE Group in all geographic areas in which it operates, as evidence of the use of best business practices and Corporate Social Responsibility in Codere, S.A.
- Introduction and management of the Whistleblower Channel/Ethics Channels in all of the Business Units having direct Local Compliance and global management of Corporate Compliance and the Compliance Committee
- Widespread training actions in the Prevention of Money Laundering and Terrorist Financing for key corporate and Business Unit Directors, Managers and employees.
- Identification of customers in accordance with express local legislation, as well as systematic or suspicious transactions that may occur at the corresponding FIU / SEPBLAC reports.
- Special examination of certain operations with respect to Risk.

- Conservation of documents with the guarantees and legal deadlines for each area.
- Collaboration with the Executive Service of the Commission for the Prevention of Money Laundering and Terrorism Financing or Local FIU units.
- Abstention in the execution of irregular operations or malpractice, forming part of the Compliance function for all contracting processes of the business units.
- Duty to ensure confidentiality of all communications on Third Parties and Customers.
- Requirement of Due Diligence and internal control measures of permanent evaluation of Third Party Risks and Clients, as well as of Directors and Employees.
- Specialized local compliance bodies (minimum Certified ACAMS U.S.), due to the internal control, communication to Authorities and exceptional ability for appropriate training of employees in AML/TF.
- With regard to branches and subsidiaries abroad, CODERE expressly adopts the policy of assuming the maximum requirements, meaning that if local legislation is less demanding than the Parent or FATF, the latter are met.

Summary of relevant Compliance Activities in the CODERE Group in 2013.

Below we have included a summary of the activities of the Prevention of Money Laundering (AML) and Know Your Customer (KYC) and AML training of employees and executives and control of customers and suspicious transactions and impulse-control on the Code of Ethics and Conduct carried out in 2013.

- There were **4,593 cases** of various types of **Due Diligence** conducted between the Corporate Division and the Business Units of the different countries with which the Company operates, with respect to third parties, both natural and legal persons, with which business or contractual relations take place.
- **1,228 Internal Control Due Diligence** were conducted with CODERE's own personnel.
- **4,721 employees** were given Mandatory Training internally by the Compliance Departments of Spain, Argentina, Italy, Panama, Colombia, Uruguay and Mexico and externally by the Online Training Agency in Argentina.
- **29,371 Prizes and Transactions** were controlled and reported to the competent Authorities, using the identification and register required in each case.
- **71 suspicious transactions** have been reported to the various local FIU (SEPBLAC in Spain). This process has been carried out in full in all business units.
- **93 cases** were reported/communicated to the Whistleblower Channel /Internal Investigation.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS REGARDING THE FINANCIAL REPORTING PROCESS (FRICS)

Describe the mechanisms that comprise the risk management and control systems in relation to the financial reporting process (FRICS) in your company.

F.1 Company control environment

Report, noting the main features, on at least:

F.1.1. What organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective Financial Reporting Internal Control System (FRICS); (ii) its introduction; and (iii) its supervision.

- (i) The Board of Directors is responsible for approving the Risk Control and Management Policy, as well as the periodical monitoring of the internal information and control system, as stated in article 7 of the Rules of Procedure of the Board of Directors.
- (ii) The introduction, maintenance and supervision of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Management, as well as of the Economic Financial Corporate Managements of the various Business Units. Likewise, the various General Managements are responsible for effective introduction in their area of activity.
- (iii) The Audit Committee is responsible for supervising the Internal Control System. Among its functions, as Delegated Committee of the Board of Directors, are the following:
 - a. Supervise the process of drafting the Company and if applicable, the Group, financial reporting and the completeness thereof, reviewing compliance with the regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
 - b. Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
 - c. Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

F.1.2. Indicate whether the following exist, especially in regard to financial reporting:

- Departments and/or mechanisms in charge of: (i) the design and review of organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) seeing to it that sufficient procedures exist for their proper dissemination in the company.

The Company has an organizational structure which has developed the major lines of responsibility and authority in the various processes, for each business unit and for each significant geographical area of the Group. The Human Resources Managements and Operational Managements participate in its design and revision. These lines of responsibility and authority are communicated at the required levels by means of different levels of formalization.

Likewise, the Company has a clear and up-to-date policy of powers resulting in the maximum exponent of lines of authority.

The Board of Directors, at the proposal of the Company President, reserves for itself the power to appoint and eventually dismiss Senior Management, whereas the Corporate Governance Committee sets the guidelines and supervises actions related to the appointment, selection, career development, promotion and dismissal of managers, in order for the company to have the highly qualified personnel its requires for its management.

- Code of Conduct, organ of approval, degree of dissemination, principles and values included (indicating whether specific mention is made of the recording of transactions and

financial reporting) organ in charge of analyzing breaches and proposing corrective action and sanctions.

The Company has:

- A Code of Ethics and Business Conduct which contains the principles of business ethics and transparency in all areas of action (approved by the Board of Directors of Codere, S.A at its meeting held on 27 January 2011).
- Internal Rules of Conduct in the securities market which determines the behaviour criteria to be followed in securities market transactions, in order to contribute to their transparency and to the protection of investors (approved by the Board of Directors of Codere, S.A at its meeting held on 25 February 2010).

The Board of Directors is the organ in charge of approving and disseminating the Code of Ethics and the Security and Compliance Corporate Management is the area in charge of overseeing its compliance and of proposing corrective action and sanctions.

The Code of Ethics and Business Conduct has been disseminated and communicated throughout the Group.

Among the values contained in the Code of Ethics and Business Conduct can be found, among the values related to the Codere Group Environment (Section V of "The Codere Group Environment"), article 5.2 "Truthful, adequate and useful information", which describes how the Codere Group is to report on its policies and actions in a truthful, adequate, useful and congruent manner. Specifically, in relation to economic-financial information, said information, especially the Annual Accounts is to faithfully reflect the reality of the economic and financial situation as well as the net worth of the company in accordance with generally accepted accounting principles and the applicable international financial reporting standards. In this regard, no professional shall conceal or distort the information of the Codere Group accounting records and reports.

A lack of honesty in financial reporting is in violation of the Code of Ethics and Business Conduct, also considering to be a lack of honesty the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it.

- Whistleblower Channel, making it possible to communicate to the Audit Committee any financial and accounting irregularities, in addition to eventual breaches of the code of conduct and irregular activities in the organization, and informing whether said information is confidential.

The Company has a confidential whistleblower channel through an email address, ordinary mail and a toll-free telephone number. Said Whistleblower Channel has been disseminated to employees together with the Group Code of Ethics and Business Conduct.

The Whistleblower Channels were introduced in all of Codere's geographical areas under the common name of "Ethics Channels" using the same standards and manner of operation as that employed in the global corporate whistleblower channel. Said Channels, which are open to and confidential for Group own personnel as well as customers and suppliers or other third parties with which a commercial or business relation is maintained, are operated exclusively by local Compliance officials, permanently supervised by Corporate Compliance General Management.

The organ in charge of its management is the Security and Compliance Corporate Management, the Management in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions.

- Programs for periodical training and updating of personnel involved in preparing and revising financial information, and in the FRICS evaluation, which are to cover at least accounting standards, auditing, internal control and risk management.

There are training plans for personnel having responsibilities in preparing financial information, in the areas of accounting standards and auditing. During 2013, the Company has carried out training plans in regard to internal control for the maximum heads of Business Units, as well as specific training plans regarding internal control for certain areas, prompted by the project for improving the Financial Reporting Internal Control System in the Codere Group.

F.2 ___ Evaluation of financial reporting risks

Report at least:

F.2.1. What are the principal characteristics of the risk identification process, including those related to error or fraud, in regard to the following:

- whether the process exists and is documented:

The Codere Group has an identification process for the principal risks which may affect the Group, including among all the identified typologies, specific financial reporting risks. The result of this process is a Risks Map containing the residual risks having the greatest impact and the greatest probability in the Codere Group. Said Map is updated annually.

For critical processes and significant companies, considering in addition that the processes in the different units or locations should be evaluated individually, there are risk and control matrixes where the critical processes are documented, with identification being made of the principal risks affecting said processes, as well as the key controls existing in order to mitigate the material risks having an impact on financial reporting.

- If the process covers all of the financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), if it is updated, and how often.

In the Financial Reporting Risk identification process, in an aim to guarantee the reliability and accuracy of the financial information, evaluation is made of the possible impact in the following categories:

- Existence and occurrence: Transactions, facts and all other events exist and have been recorded at the proper time.
- Integrity: The reporting reflects all transactions, facts and all other events with respect to which the company is an affected party.
- Valuation: Recording and valuation are made of all transactions, facts and other events in accordance with the applicable regulations.
- Transaction Cut-off: Transactions are recorded in the proper period on an accrual basis.
- Presentation, disclosure and comparability: The transactions, facts and all other events are classified, presented and disclosed in the financial reporting in accordance with the applicable regulations.

- Rights and obligations: The financial reporting reflects the rights and obligations at the corresponding date in accordance with the applicable regulations.

The objective is to determine in a reliable manner the possibility that a given risk will occur and in such a case, its impact on the financial statements, in order that it will be possible to prioritize this and draw up a mitigation plan.

This is an ongoing process which makes it possible to improve the design and efficacy of the controls and to minimize the risks related to financial reporting. The process of identifying financial reporting risks was thoroughly analyzed and updated in the year 2011, and it is established that said process will be revised and updated on an annual basis.

- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.

The Company consolidation perimeter is clearly identified and is updated monthly, making it possible to know of all Codere Group subsidiaries, the effective ownership percentage, and the degree of influence in said subsidiaries.

Any changes in the Group structure are communicated monthly to all those taking part in the financial reporting process and who need to know of such changes.

- If the process takes into account the effects of other risk typologies (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

The Codere Group Risk Control and Management General Policy includes the identification and definition of all of the types of risk faced by the Group and which have been deemed as important, comprised as follows:

- Corporate Governance Risks
- Operational and Loss of Income Risks.
- Regulatory and Institutional Relation Risks.
- Fiscal Risks
- Indebtedness Risk
- Country Risk
- Technological Risk

- What governance organ of the company supervises the process.

In the final instance, the Board of Directors, through the Audit Committee, in accordance with article 14 of the Rules of Procedure of the Board, is in charge of "Periodically revising the internal control and risk management systems, in order for the principal risks to be adequately identified, managed and disclosed".

The Audit Committee is in charge of managing the Control and Risk Management Policy in which at least the following will be identified: the various types of risks, measures foreseen to mitigate the impact of the identified risks, should they materialize, and the reporting and internal control systems which will be used to control and manage the foregoing, including contingent liabilities and off-balance sheet risks.

F.3___Control activities

Report, noting the main features, if your company at least has:

F.3.1. Procedures for the review and authorization of financial reporting, and the description of the FRICS, to be published in the securities markets, indicating those in charge, as well as documentation describing cash flows from activities and controls (including those related to fraud risk) for the different types of transactions which may materially affect the financial statements, including the year-end closing procedure and the specific review of relevant opinions, estimations, valuations and projections

The Company has procedures for the review and authorization of financial reporting to be published in the securities markets. Said procedures are in regard to:

- Procedures for review and authorization of the individual financial statements for each subsidiary of the Group.
- Procedures for review and authorization of the consolidated financial statements.
- Procedures for review and drafting of the information sent to the securities markets.
- For each significant process, descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Management as well as by the rest of the areas participating in the financial reporting.

Said procedures for financial reporting review and authorization contain procedures regarding reviews of relevant opinions, estimations, valuations and projections forming part of the monthly closing procedure applied by the Codere Group.

F.3.2. Financial reporting internal control policies and procedures (among these, access security, control of changes, operation of changes, operational continuity, and segregation of functions) undergone by relevant processes of the entity in relation to the drafting and publication of the financial reporting.

The Company has guidelines and rules of action for managing information security. Said guidelines apply to the systems taking part in the generation of the financial reporting, and are in regard to the use of computer resources, access to user systems and management, the protection of networks, systems, databases and applications and the management of backup copies.

The Information Systems Management is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center which is the responsibility of the Security and Compliance Management.

F.3.3. Financial reporting internal control policies and procedures aimed at supervising the management of activities sub-contracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

There are no relevant areas of activity subcontracted to third parties which may affect the financial reporting; consequently, it has not been deemed necessary to draft a procedure for the selection of the activities carried out by them.

Nevertheless, in the case of outsourcing of some services related to financial reporting, the contract with the supplier establishes the levels of service which are supervised by the Information Systems Management.

F.4___Information and communication

Report, noting the main features, if your company at least has:

- F.4.1. A specific function for defining and keeping accounting policies (area or department of accounting policies) up to date, and resolving any doubts or conflicts resulting from the interpretation thereof, maintaining fluent communication with those in charge of the transactions in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

Within the Economic Financial Management there is a specific function responsible for resolving any doubts in regard to the interpretations of the regulation. There is an Accounting Policy Manual at the Group level applicable to all of the Business Units. Said Manual is reviewed with the aim to update it periodically.

- F.4.2. Mechanisms for gathering and preparing the financial information using homogenous formats applied and used by all units of the entity or of the group, which form the basis for the principal financial statements and the notes, as well as the information detailed in regard to the FRICS.

The Company has homogeneous financial information reporting for all of the Group units which allows the Company to make complete monthly closings. Said reporting contains all the information required for drafting the principal financial statements and their corresponding notes. In addition, it should be pointed out that a large percentage of the financial information of the Group is integrated in the Corporate Information Systems.

F.5___Supervision of system operation

Report, noting the main features, on at least:

- F.5.1. ICFR monitoring activities conducted by the Audit Committee and whether the entity has an internal audit function whose competencies support the committee in its oversight of the internal control system, including ICFR. Also report the scope of the assessment of ICFR in the year and the process by which the party responsible for implementing the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether it has considered its impact on financial reporting.

As provided in article 14 of the Rules of Procedure of the Board of Directors, the Audit Committee has among its functions the following:

- Supervise the internal audit services and monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for said service; receive periodical information regarding its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

- Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- Supervise the process for the drafting, presentation and completeness of the financial reporting related to the Company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.
- Once a year draft an annual report containing the activities carried out by the Committee.

A. Internal Audit Function

The Codere Group has an Internal Audit Management which is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Management functions is that of supervising the compliance, efficacy, and efficiency of the internal control systems, as well as the reliability and quality of the financial and operational information.

This Management is corporate and is present in all countries where the Group has a significant presence. Its entire personnel devote full time to this function, and do not engage in any functions other than those related to internal auditing.

The Audit Committee annually approves the audit plans presented by the Audit Management and, at least once a year, is informed of the result of the work carried out. In the exercise of its functions, the Audit Committee is periodically informed of the internal audit activities and verifies that Senior Management take into account the recommendations and conclusions of its reports.

B. Scope of evaluation of the Internal Control System with regard to Financial Reporting.

The Internal Audit Department, in executing its Annual Plan approved by the Audit Committee, carries out continual supervision of the internal control system of the Codere Group, in order to ensure the control of the reliability of the financial reporting and the operational procedures.

The Audit Department has a pluri-annual supervision plan approved by the Audit Committee. This Plan calls for the review of all critical business processes in all of the Group companies and geographical locations (including information systems) over a three-year period, with the exception of specific areas and processes, which, given their special relevance, are reviewed annually.

Likewise, a specific work plan has been designed to evaluate the operation and efficacy of the identified controls, which will allow it to serve as supervision of the entire Financial Reporting Internal Control System.

C. Communication of results and corrective measure action plans.

The Audit Committee is informed quarterly of the principal conclusions and recommendations manifested by the Internal Audit Committee in its reports, as well as of the action plans taken on with regard to corrective measures. It is likewise informed of compliance with these action plans.

F.5.2. If the entity has a procedure for discussion by means of which the auditor (in conformity with that established in the NTA), the internal audit function and other experts are able to communicate to

senior management and to the Audit Committee or entity directors the significant weaknesses of the internal control system identified during the annual account review processes or any other review processes entrusted to them. Likewise the entity will report whether it has an action plan which seeks to correct or mitigate the weaknesses noted.

The Audit Committee meets at least once every three months (prior to the publication of regulated information) in order to obtain and analyze the information necessary to discharge the duties entrusted to it. At said meetings the Group Annual and Half-yearly Accounts and the intermediate quarterly declarations are reviewed, as is all other information disclosed to the market.

These meetings are also attended by the Economic Financial Management (in charge of preparing the financial reporting) and the Internal Audit Management (with the periodical information on activities), as well as by the external auditor when said auditor is called upon to communicate the results of its work, in an aim to monitor the correct application of the accounting regulations in effect and the reliability of the financial reporting.

In any event, and at all times prior to year-end, the external auditor has a meeting with the Audit Committee at which the principal identified matters of interest and the aspects detected by the auditor at year-end are deliberated on.

On its part, the Group auditor has direct access to Group Senior Management, holding periodical meetings in order to obtain the information required to carry out its work as well as to communicate any control weaknesses detected during the course of its work. With respect to this latter aspect, on an annual basis the external auditor presents a report to the Audit Committee which details the internal control weaknesses detected in its work. This report incorporates the comments of the Group Management and, if applicable, any action plans which have been put into practice in order to remedy the corresponding internal control weaknesses.

F.6 ___ Other relevant information

F.7 ___ External Auditor's report

Report:

F.7.1. If the FRICS sent to the markets has been subject to review by the external auditor, in which case the entity should include the corresponding report as an Annex. Otherwise, you should explain the reasons for this.

The FRICS information sent has not been subject to review by the external auditor given that the Group continues to introduce the improvements and recommendations arising from the Financial Reporting Internal Control System revision process.

G ___ DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REGULATIONS

Indicate the degree of compliance by the company of the Recommendations of the Unified Code of Good Governance.

In the event that any recommendation is not followed or partially followed, you should include a detailed explanation of the reasons so that shareholders, investors and the market in general, have sufficient information to evaluate the performance of the company. General explanations are not acceptable.

1. That the Bylaws of the listed companies not limit the maximum number of votes which the same shareholder can cast, and not contain any other restrictions which would hinder taking control of the company through the acquisition of its shares on the market.

See sub-paragraphs: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies

2. That when both the parent company and a subsidiary are listed on the Stock Exchange, both publicly define with accuracy the following:

- a) The respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group;
- b) The mechanisms established to resolve any eventual conflict of interest which may arise.

See sub-paragraphs: D.4 and D.7

Not applicable

3. That although this is not expressly required by commercial legislation, any transactions entailing a structural change in the company be put to the General Shareholders' Meeting for approval, particularly any of the following transactions:

- a) The transformation of listed companies into holdings, through a process of creation of subsidiaries or incorporation into the subsidiaries of activities essentially carried out up until then by the company itself, even though the company maintains full control over the subsidiaries;
- b) The acquisition or disposal of essential operating assets, when this entails an amendment of the corporate object;
- c) Transactions the effect of which is equivalent to winding up the company.

See sub-paragraph: B.6

Partially complies

Paragraph a) is not applicable since Codere S.A. is already a holding company; consequently, no transactions of this type which are to be put to the General Meeting of Shareholders for approval will ever take place.

Moreover, during 2013, there has been no transaction of this type in Codere, S.A., which, if applicable, could have been submitted to the General Meeting of Shareholders of Codere, S.A.

4. That the detailed proposals of the resolutions to be adopted at the General Meeting, including the information which recommendation 27 refers to, be made public at the time of publication of the notice of the General Meeting.

Complies

5. That at the General Meeting a separate vote be taken on those matters which are substantially independent, so that shareholders may exercise their voting preferences separately. And that said regulation be applied in particular:

- a) To the appointment or ratification of directors, which are to be voted on individually;
- b) In the case of amendment of Bylaws, to each article or group of articles which are substantially independent.

Complies

6. That the companies allow votes to be split in order that financial intermediaries who are legitimated as shareholders, but who act on behalf of different clients, can cast their votes in accordance with the instructions of said clients.

Complies

7. That the Board carry out its functions with a sole purpose and independence of criteria, treat all shareholders alike, and be guided by company interest, understood as maximizing the economic value of the company in a sustained manner.

And that it likewise oversee that the company in its relations with the stakeholders respect the laws and regulations; comply in good faith with its obligations and contracts; respect the usage and good practices of the sectors and territories where it exercises its activity; and observe those additional principles of any social responsibility which it has voluntarily accepted.

Complies

8. That the Board take on, as the core of its objective, the approval of the corporate strategy and the organization required for its implementation, and likewise supervise and ensure that the Management comply with the objectives set out and respect the corporate object and interest of the company. And for said purpose, that the Board reserve for itself the power to approve:

- a) The general policies and strategies of the company, particularly the following:
 - i) The strategic plan or business plan, as well as the management objectives and annual budgets;
 - ii) The investment and financing policy;
 - iii) The definition of the structure of the group of companies;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The compensation policy and evaluation of senior management performance;
 - vii) The risk control and management policy, as well as the periodical monitoring of the internal information and control systems;

viii) Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof.

See sub-paragraphs: _____ C.1.14, C.1.16, and E.2

b) The following decisions:

- i) At the proposal of the company CEO, the appointment and eventual dismissal of senior management, as well as their indemnity clauses.
- ii) Compensation of directors, and, in the case of executive directors, additional compensation for their executive duties and all other conditions which their contracts are required to respect.
- iii) The financial information which, given that it is a listed company, the company is required to make public periodically.
- iv) All types of investments or transactions which, in view of the elevated amount or special characteristics thereof, are strategic, unless they are required to be approved by the General Meeting.
- v) The creation or acquisition of shareholdings in special-purpose companies or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, may diminish the transparency of the group;

c) Transactions which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with related persons ("related party transactions").

The authorization of the Board shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

- 1: They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- 2: That they be carried out at prices or rates generally established by the supplier of the good or service in question;
- 3: The amount does not exceed 1% of the annual revenue of the Company.

It is recommended that the board approve related party transactions upon receipt of a favourable report from the audit committee or, where applicable, any other that may be assigned this duty, and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

It is recommended that the functions attributed herein to the Board not be subject to delegation, except those mentioned in letters b) and c), which, for urgent reasons, may be taken on by the Delegated committee, to be subsequently ratified by the plenum of the Board.

See sub-paragraphs: D.1 and D.6

Complies

9. That the size of the Board be large enough to be able to function effectively and in a participative manner, which makes it advisable that it have no fewer than five nor more than fifteen members.

See sub-paragraph: C.1.2

Complies

10. That the external nominee and independent directors make up an ample majority of the Board and that the number of executive directors be limited to the minimum required, taking into account the complexity of the corporate group and the percentage of share capital held by the executive directors.

See sub-paragraphs: _____ A.3 and C.1.3.

Complies

11. That with respect to the external directors, the ratio of the number of nominee directors to the number of independent directors be the same as the ratio of the corporate capital represented by the nominee directors to the rest of the capital.

This criterion of strict proportionality may be modified so that the nominee directors have greater weight than that which would correspond to the total percentage of capital which they represent:

1. In highly capitalized companies in which there are few or no shareholdings which are legally considered as significant, but where there are shareholders with share packages having a high absolute value.
- 2 When companies have a plurality of shareholders represented on the Board, and said shareholders have no ties among themselves.

See sub-paragraphs: _____ A.2, A.3 and C.1.3

Complies

12. That the number of independent directors represents at least one third of the total number of directors.

See sub-paragraph: _____ C.1.3

Complies

13. That the type of directorship be explained by the Board to the General Meeting of Shareholders which is to make or ratify the appointment, and that this be confirmed or, where appropriate, revised, annually in the Corporate Governance Report, after verification by the Appointments Committee. And that said report likewise give the reasons for the appointment of nominee directors at the petition of shareholders holding less than 5% of the capital; and that the

reasons be given for not having honoured formal petitions for appointments to the Board from shareholders holding the same or greater percentage of shares in comparison to the percentage held by others at whose petition nominee directors were appointed.

See sub-paragraphs: C.1.3 and C.1.8

Complies

14. When few or no female directors, the nominating committee should ensure that when new vacancies:

- a) There be no implicit bias in the selection processes so as to hinder the selection of female directors;
- b) The company deliberately seek out and include among the potential candidates women having the professional profile sought.

See sub-paragraphs: _____ C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies

15. That the Chairman, as the person in charge of seeing to it that the Board is run effectively, makes sure that the directors receive sufficient information in advance; encourages debate and the active participation of the directors during Board meetings, safeguarding their freedom to take their own stand and express their own opinion; and organizes and coordinates together with the chairs of the pertinent Committees the periodical evaluation of the Board and of the Managing Director or CEO.

See sub-paragraphs: _____ C.1.19 and C.1.41

Complies

16. That, when the Chairman of the Board is also the company CEO, one of the independent directors be authorized to do as follows: request that a meeting be called or that new items be included on the agenda; coordinate and reflect the concerns of the external directors; and conduct the evaluation by the Board of its Chairman.

See sub-paragraph: _ C.1.22

Complies

17. That the Secretary of the Board take special care in seeing to it that the actions of the Board:

- a) Conform to the letter and the spirit of the Law and its regulations, including those approved by regulatory agencies;
- b) Conform to the Corporate Bylaws and the Rules of Procedure of the General Shareholders' Meeting, the Board of Directors and any other Rules of the company;
- c) Keep in mind the recommendations on good governance contained in the Unified Code accepted by the company.

Furthermore, in order to safeguard the independence, impartiality and professionalism of the Secretary, that his or her appointment and resignation or dismissal be reported by the Appointments Committee and approved by the plenum of the Board, and that said procedure for appointment, resignation or dismissal be included in the Rules of Procedure of the Board.

See sub-paragraph: C.1.34

Complies

18. That the board meet as often as necessary to perform its duties, following the schedule of dates and agendas set at the beginning of the year and each director to propose items on the agenda not initially planned.

See sub-paragraph: C.1.29

Partially complies

The schedule established at beginning of 2013 establishes that 11 meetings of the Board will be held in each calendar month of the year except for October. Lastly, during the 2013, there have been 18 meetings of the Board (1 in each month of the year, including October, except in the months of April, July, September and December, during which 2 meetings were held and in June when 3 meetings were held). The Board also adopted resolutions in writing without a meeting once (July).

19. That absences of the directors should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. If a proxy is necessary, he or she should be given specific instructions.

See sub-paragraphs: C.1.28, C.1.29 and C.1.30

Complies

20. That when the directors or the Secretary express their concern over a given proposal or, in the case of the directors, over the running of the company, and these concerns are not resolved at the Board meeting, said circumstance be reflected in the minutes at the request of the person voicing such concerns.

Complies

21. That the plenum of the Board evaluate once a year the following:

- a) The quality and efficiency of the manner in which the Board is run;
- b) On the basis of the report submitted to it by the Appointments Committee, the Chair's performance of his or her functions, as well as the CEO's performance of his or her functions;
- c) How well its Commissions are run, on the basis of the report submitted to it by said Commissions.

See sub-paragraphs: C.1.19 and C.1.20

Complies

22. That all directors are able to exercise the right to request any additional information they require on matters within the competence of the board. And, unless the bylaws or board regulations indicate otherwise, such requests are addressed to the chairperson or secretary of the board.

See sub-paragraph: _ C.1.41

Complies

23. That all directors be entitled to obtain from the company the consultancy they require in order to comply with their functions. Moreover, that the company find the adequate channels for the exercise of this right, which under special circumstances may include external consultancy at company expense.

See sub-paragraph: _ C.1.40

Complies

24. That companies establish an orientation program that provides new directors with rapid and sufficient knowledge of the company and its corporate governance rules. Moreover, that the companies offer their directors programs for updating their knowledge when this is deemed advisable by the circumstances.

Complies

25. That companies require that their directors devote sufficient time and energy to their function in order to perform their duties efficiently; consequently:

- a) That directors inform the Appointments Committee of their other professional obligations, in case these should interfere with the dedication required;
- b) That companies establish rules on the number of boards on which their directors may sit.

See sub-paragraphs: _____ C.1.12, C.1.13 and C.1.17

Complies

26. That the proposal for the appointment or renewal of directors submitted by the Board to the general meeting of shareholders, as well as provisional appointments by co-option, are approved by the Board:

- a) At the proposal of the Appointments Committee, in the case of independent directors;
- b) After a report by the Appointments Committee, in the case of the other directors.

See sub-paragraph: _____ C.1.3

Complies

27. That companies publicize and keep up to date through their Web page the following information on their directors:

- a) Professional and biographical profile;
- b) Other Boards of Directors on which they sit, regardless of whether or not these are listed companies;
- c) Indication of the type of directorship they hold, indicating in the case of nominee directors, the shareholder which they represent or with which they have ties;
- d) Date of their initial appointment as company director, and dates of subsequent appointments; and;
- e) Any company shares and stock options which they hold.

Complies

28. That nominee directors tender their resignation when the shareholder which they represent sells his or her entire shareholding. And that they likewise do so, in the corresponding proportion, when said shareholder reduces his or her shareholding down to a level which requires the reduction of the number of the shareholder's nominee directors.

See sub-paragraphs: _____ A.2, A.3 and C.1.2

Complies

29. That the Board of Directors refrain from proposing the dismissal of any independent director before said director finishes his or her term of appointment as stipulated in the Bylaws, unless there is good cause to do so, as determined by the Board on the basis of a report by the Appointments Committee. In particular, good cause shall be understood to exist when the director has failed to comply with the duties inherent to his or her position or is affected by any of the circumstances which prevent him from being classified as independent pursuant to Ministerial Order ECC/461/2013

The dismissal of independent directors may also be proposed as a result of Takeover Bids, mergers or other similar corporate operations entailing a change in the corporate capital structure when said changes in the structure of the Board are made owing to the criterion of proportionality indicated in Recommendation 11.

See sub-paragraphs: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

30. That the companies set up rules requiring directors to report and, where appropriate, resign in those cases which may harm the credit and reputation of the company, and in particular, require them to report to the Board any criminal matter of which they stand accused, as well as the subsequent procedural outcome.

That, in the event that a director should be charged with or ordered to stand trial for any of the crimes indicated in article 213 of the Companies Act, the Board is to examine the case as soon as possible and, in view of the specific circumstances, decide on whether or not the director should remain in his or her position. Moreover, the Board is to render account thereof, in a reasoned manner, in the Corporate Governance Annual Report.

See sub-paragraphs: _____ C.1.42, C.1.43

Complies

31. That all directors clearly express their opposition when they consider that a given draft decision put to the Board may be contrary to the corporate interest. And that they likewise do so, especially the independent and other directors who are not affected by the potential conflict of interest, when decisions are involved which may harm the shareholders not represented on the Board.

Moreover, when the Board adopts significant or reiterated decisions in regard to which the director had made serious reservations, that the latter draw the pertinent conclusions, and, if said director chooses to resign, that he or she explain the reasons in a letter as referred to in the following recommendation.

This recommendation is likewise made in regard to the Secretary of the Board, even if said Secretary is not a director.

Complies

32. That when, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explain the reasons in a letter to be sent to all of the members of the Board. And, notwithstanding said resignation or dismissal, if this is reported as a relevant fact, that the reason for the resignation or dismissal be stated in the Corporate Governance Annual Report.

See sub-paragraph: C.1.9

Not applicable

33. That only executive directors be eligible for compensation in the form of company or group-company shares, stock options or market-indexed instruments, variable compensation linked to company performance or social welfare systems.

This recommendation will not apply to the granting of shares, when this is done under the condition that directors keep said shares until they resign from their directorship.

Complies

34. That compensation paid to external directors be sufficient so as to compensate their dedication, qualification and responsibility required by the position, but not so high as to compromise their independence.

Complies

35. That the compensation related to the company results takes into account any eventual qualified opinions stated in the external auditor's report and diminish said results.

Complies

36. That in cases of variable compensation, compensation policies incorporate limits and technical precautions required so as to ensure that said compensation is in line with the professional performance of its beneficiaries and does not merely result from general market performance or from corporate sector activity performance or other similar circumstances.

Not applicable

37. That when a delegated or executive committee (hereinafter, "Delegated Committee") exists, the participation structure of the various categories of directors be similar to that of the Board itself and that its Secretary be the same as the Secretary of the Board.

See sub-paragraphs: _____ C.2.1 and C.2.6

Not applicable

38. That the Board at all times be informed of the matters dealt with and the decisions adopted by the Delegated Committee, and that all members of the Board receive a copy of the minutes of the Delegated Committee meetings.

Not applicable

39. That the board of directors set up from among its members, in addition to the Audit Committee required by the Spanish Securities Market Act, a single Appointments and Compensation Committee, or two separate such Committees.

That the rules for the composition and running of the Audit Committee and the Appointments and Compensation Committee or Committees be stated in the Rules of Procedure of the Board, and that they include the following:

- a) That the Board appoint the members of these Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee; that it deliberate on the proposals and reports of these Committees; and that said Committees report to the Board on their activity and be held accountable for the work they have done, at the first Board plenum held after the Committee meetings;
- b) That said Committees be made up exclusively of a minimum of three external directors. This, notwithstanding the attendance of executive directors or senior management, when the Committee members so expressly agree;
- c) That the Chairs thereof be independent directors;
- d) That these Committees may obtain external consultancy, when they consider this advisable for the performance of their functions;

- e) That minutes be taken of these Committee meetings, with a copy being sent to all members of the Board.

See sub-paragraphs: _____ C.2.1 and C.2.4

Complies

40. That the supervision of compliance with the internal codes of conduct and the rules of good corporate governance correspond to the Audit Committee, to the Appointments Committee or, if there are two separate Committees, to those of Compliance or Corporate Governance.

See sub-paragraphs: C.2.3 and C.2.4

Explain

Among the functions of the Corporate Governance Committee is that of supervising and examining compliance with the Internal Rules of Conduct with respect to the Securities Markets, as well as to supervise compliance with the corporate governance rules applicable in said regard.

In relation to the Codere Group Code of Ethics and Business Conduct approved by the Board of Directors on 27 January 2011, evaluation of the degree of compliance therewith corresponds to the Safety and Compliance Corporate Management which will issue an annual report on the matter. Said report will be communicated to the Compliance Committee, and also to the President-CEO of Codere S.A. Any revision or updating which entails amendment of the Code of Ethics and Business Conduct will require approval by the Board of Directors of Codere S.A after a report by the Compliance Committee.

41. That the members of the Audit Committee, especially the Chairman thereof, be appointed taking into account their knowledge and experience in matters of accounting, auditing or risk management.

Complies

42. That listed companies have an internal audit function which, under the supervision of the Audit Committee, oversees the proper running of the information and internal control system.

See sub-paragraph: _ C.2.3

Complies

43. That the person in charge of the internal audit function present to the Audit Committee the annual work plan, directly inform the Committee of any incidents which may arise in carrying out said plan, and submit to the Committee a report on its activities at the end of each year.

Complies

44. That the risk control and management policy identify at least the following:

- a) The various types of risk (operational, technological, financial, legal, reputation, etc.) faced by the company, including among the financial or economic risks contingent liabilities and other off-balance-sheet risks.
- b) The establishment of the risk level which the company considers acceptable;
- c) The measures planned to mitigate the impact of identified risks, should they materialize;
- d) The information and internal control systems which will be used to control and manage the aforesaid risks, including contingent liabilities or off balance sheet risks.

See sub-paragraph: E

Partially complies

The Risk Control and Management Policy of Codere, S.A. identifies the points contained in paragraphs a and b, leaving it up to the Business Units in charge to establish the measures required to mitigate the impact of risk materialization, as well as to establish the internal control and information systems which allow for the evaluation and periodical communication, at least annually, of the results of the risk control and management monitoring process. Moreover, the Group has established additional monthly information and reporting systems making it possible to learn of, evaluate and reach conclusions regarding contingent liabilities and risks both on and off balance sheet.

45. That the Audit Committee be entrusted to do the following:

1. In relation to the information and internal control systems:

- a) That the main risks identified as a result of monitoring the effectiveness of internal control of the company and the internal audit function, if any, are managed and properly disclosed.
- b) See to it that the internal audit function is run independently and efficiently; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into account the conclusions and recommendations contained in its reports;
- c) Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they note in the company and which may have repercussions, especially in regard to financial and accounting matters.

2 In relation to the external auditor:

- a) Receive on a regular basis from the external auditor information regarding the audit plan and the results of its implementation, and verify that senior management take into consideration the recommendations thereof.
- b) Ensure the independence of the external auditor and, in this regard:
 - i) That the company communicate the change in auditor as a relevant fact to the Spanish Securities and Market Commission (CNMV), together with a statement on the eventual existence of disagreements with the outgoing auditor and, if such disagreements had existed, what they consisted of;
 - ii) That in the event that the auditor should choose to resign, the Committee examine the reasons why.

See sub-paragraphs: _C.1.36, C.2.3, C.2.4 and E.2

Partially complies

With respect to sub-paragraph 1.c, the function of establishing and supervising a mechanism to allow employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial or accounting nature, detected within the Company, in Codere S.A. corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

- 46. That the Audit Committee may request the presence of any company employee or manager, and even order that they appear without the presence of any other manager.**

Complies

- 47. That the Audit Committee inform the Board, prior to the Board's adopting the corresponding decisions, about the following matters indicated in Recommendation 8:**

- a) The financial information which, given that it is a listed company, the company is required to make public periodically. The Committee should ensure that the intermediate accounts are drafted using the same accounting criteria as the annual accounts and, for this purpose, consider the suitability of a limited revision by the external auditor;
- b) The creation or acquisition of shareholdings in special-purpose companies or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, may diminish the transparency of the group;
- c) Related party transactions, except where their scrutiny has been entrusted to another committee of the supervisory and control operations.

See sub-paragraphs: ____ C.2.3 and C.2.4

Complies

- 48. That the Board of Directors endeavour to present the annual accounts to the General Meeting without reservations or qualified opinions, and, in the exceptional case that there should be a reservation or qualified opinion, both the Chair of the Audit Committee as well as the auditors clearly explain to the shareholders the content and scope of said reservations or qualified opinions.**

See sub-paragraph: _C.1.38

Complies

- 49. That the majority of members of the Appointments Committee –or Appointments and Compensation Committee, if there is only one Committee- be independent directors.**

See sub-paragraph: _C.2.1

Complies

50. That the Appointments Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted with the following functions:

- a) Evaluate the competence, knowledge and experience required on the Board; consequently define the functions and aptitudes required of the candidates who are to cover each vacancy, and evaluate the time and dedication required in order for them to carry out their functions adequately;**
- b) Examine or organize, in a manner understood to be adequate, the succession of the chairman and the CEO and, if applicable, make proposals to the Board, in order that said succession may be carried out in an orderly and well-planned manner;**
- c) Report on the appointments and dismissals of senior management proposed by the chief executive to the Board.**
- d) Inform the Board of the diverse matters indicated in Recommendation 14 of this Code.**

See sub-paragraph: _____ C.2.4

Partially complies

The function established under paragraph b) of this recommendation is not expressly attributed to the Corporate Governance Committee in the internal regulations of the Company; however, in recent years this Committee has taken on this function and has worked on it.

51. That the Appointments Committee consult with the company President and CEO, especially in regard to matters pertaining to executive directors.

Furthermore, that any director be able to request that the Appointments Committee take into consideration potential candidates to cover director vacancies, if it considers such candidates suitable.

Complies

52. That the Compensation Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted to do the following:

- a) Propose to the Board of Directors:**
 - i) The compensation policy for directors and senior management;**
 - ii) Compensation and other contract conditions for executive directors;**
 - iii) Basic contract conditions for senior management;**
- b) See to it that the compensation policy established by the company is observed.**

See sub-paragraphs: _____ C.2.4

Complies

53. That the Compensation Committee consult with the company chairperson and CEO, especially in regard to matters concerning executive directors and senior management.

Complies

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any principle or relevant aspect regarding the corporate governance practices applied by your company which has not been dealt with in the present Report, but that more complete and reasoned information is necessary regarding the structure and governance practices of your company and/or group, mention this below and briefly explain what it consists of.
2. Any information, clarification or nuance related to the preceding sections of this report may also be included in this section.

Specifically, indicate whether or not the company is subject to any legislation other than Spanish legislation in matters of corporate governance and, if applicable, include any information which it is required to provide which differs from the information called for in this report.

3. The company may also indicate whether voluntarily acceded to other ethical principles or codes of good practice, international, sectoral or other authorities. In such a case, the code in question and the date of application should be identified.

In relation to sub-paragraph C.1.27, it should be pointed out that article 3.2 of the Rules of Procedure of the Board establishes that it shall be endeavoured that Independent Directors not remain as such for a period beyond 12 years, and that in the case whereby it is resolved to renew them in their post beyond said time period, the specific reasons for this must be explained in the Corporate Governance Annual Report.

Regarding sub-paragraph C.1.29, indicate that an additional occasion (July 2013) to the 18 meetings held, the Board adopted resolutions in writing without a meeting (see Recommendation G.18).

In relation to sub-paragraph C.1.30, it should be pointed out that the ratio of attendance to total votes for the year was calculated by multiplying the total number of Board meetings (not taking into account the occasion on which resolutions were adopted in writing and without physical presence) by the number of members of said Board.

Regarding sub-paragraph C.1.45, it should be noted that the value of the compensation of the five contracts listed in the answer to this question, if applicable, amount at 31 December 2013 to €1.57 million. It should also be pointed out that although the Rules of Procedure of the Board of Directors reserves for the plenum of the Board the power to resolve in regard to Senior Management indemnity clauses and the contract terms of Executive Directors, of the five beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, four were not authorized by the Board of Directors, given that their contracts were entered into prior to the date on which the Rules of Procedure of the Board of Directors came into effect, whereas the fifth was duly authorized during the year 2011.

In relation to sub-paragraph C.2.1, it should be noted that until December 10, 2013, Juan José Zornoza Pérez served as Chairman of the Corporate Governance Committee, naming Juan Junquera Temprano as the new Committee Chairman in its meeting held on said date, as proposed that Mr. Zornoza Pérez hold the chairmanship of the Audit Committee following the expiration of the term of office of the previous Chair. Also, as has been indicated, until 11 December 2013, Eugenio Vela Sastre served as Chairman of the Audit Committee, Juan José

Zornoza being named the new Chairman by the Audit Committee at its meeting held on that date, upon the expiration of the maximum term of office by Mr. Vela Sastre.

In relation to sub-paragraph C.2.1, it should be pointed out that article 15 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that when the Chairman of the Compliance Committee is not an Independent Director the reasons for said circumstance must be indicated in the Corporate Governance Annual Report. In this respect, the Chairman of the Compliance Committee, Mr. José Ignacio Cases Méndez is a Nominee Director, with his appointment as Chairman of said Committee owing to his experience and knowledge gathered when he was Secretary General of the Gaming Commission of the Spanish Ministry of the Interior, and as Full Professor of Political Science at the Carlos III University in Madrid, consequently making him one of the most highly informed persons in the matter.

With respect to sub-paragraph C.2.3, the function of establishing and supervising a mechanism to allow employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial or accounting nature, detected within the Company, corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

In paragraph D.3 regarding the detail of the relevant transactions between the company or companies of its group and directors or senior managers of the company, we point out with reference to the Director Mr. José Ramón Romero Rodríguez, a contractual relation of service provision in the amount mentioned, although the service is provided by the law firm Despacho Loyra Abogados, of which said Director is Managing Partner.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on 27 February 2014

Indicate whether any Directors have voted against or have abstained from the approval of the present report.

Yes ☐

No ☒

Name or company name of director who has not voted in favour of the adoption of this report	Reasons (against, abstention, absence)	Explain the reasons