

ANNEX I

CORPORATE GOVERNANCE ANNUAL REPORT FOR PUBLIC LISTED COMPANIES

ISSUER ID

YEAR ENDING AT:

31/12/2015

TAX

A-82110453

CORPORATE NAME:

CODERE, S.A.

ADDRESS

AVENIDA DE BRUSELAS, 26, (ALCOBENDAS) MADRID

CORPORATE GOVERNANCE ANNUAL REPORT

FOR PUBLIC LISTED COMPANIES

A SHAREHOLDER 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 ☒

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	Number of indirect votes	% of total voting rights
MASAMPE HOLDING, B.V	28,259,088	0	51.35%

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

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	Number of indirect votes	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838,261	28,259,088	63.77%
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	1,202,000	0	2.18%
MR. EUGENIO VELA SASTRE	0	20,718	0.04%
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	0	1,396,035	2.54%
MR. JOSEPH ZAPPALA	278,738	0	0.51%
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838,261	28,259,088	63.77%

Name of indirect shareholders	Through: Name or corporate name of the direct shareholder	Number of voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	28,259,088
MR. EUGENIO VELA SASTRE	MS. CARMEN FERRER PALASÍ	20,718
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	M LUXEMBOURG SIF-GLOBAL ASSETS BRISA	1,296,035
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	RECREATIVOS METROPOLITANO S.L.	100,000

Total % of voting rights held by the Board of Directors

69.04%

Complete the following tables regarding members of the Board of Directors holding company share rights:

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
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Type of relation: Family

Brief description:

Ms. Encarnación Martínez Sampedro and José Antonio Martínez Sampedro are siblings.

Name of related parties
MASAMPE HOLDING, B.V.
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Type of relation: Corporate

Brief description:

Mr. José Antonio Martínez Sampedro is the CEO of Masampe Holding, B.V. Additionally, Mr. José Antonio Martínez holds control of Masampe Holding B.V. through the proxy granted in respect of the voting rights of Mabloem Ontwikkeling B.V. (see section H).

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
MASAMPE HOLDING, B.V.
CODERE, S.A.

Type of relation: Corporate

Brief description:

Masampe Holding BV is the majority shareholder (51.346%) of Codere S.A.

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 ☒

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 ☒

In the case whereby any change or break in said agreements or concerted action has taken place during the year, expressly indicate said circumstance:

Not applicable.

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
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Comments
Mr. José Antonio Martínez Sampedro controls MASAMPE HOLDING, BV through the proxy granted on the voting rights of Mabloem Ontwikkeling BV (see section H) and through his own direct interest in the share capital of Codere, S.A.

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
260,733	0	0.47%

(*) Held through:

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

Explain the significant changes

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 the part thereof which has not been used null and void, 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 authorization 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 authorization, 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 authorization 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 authorization 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.9.bis Estimated free float

	%
Estimated free float	30.96

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 ☒

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

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 ☒

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	75.00%	0.00%

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." The same provision is contained in Article 20.2 of the Rules of the General Meeting of Codere S.A.

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".

As for the voting on resolutions, Article 24.3. 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.

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:

	Attendance Data				
Date of General Meeting	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
25/06/2014	13.38%	63.40%	0.00%	0.00%	76.78%
27/04/2015	16.75%	57.55%	0.00%	0.30%	74.60%
25/06/2015	13.48%	53.71%	0.00%	2.45%	69.64%
04/12/2015	15.38%	8.59%	0.00%	51.55%	75.52%

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

Yes ☒

No ☐

Number of shares required to attend the General Meeting

B.6 Paragraph revoked

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 address of the website of the Company is www.codere.com.

From this address by clicking on the link called "Shareholders and Investors", multiple options are deployed, clicking the option titled "Corporate Governance". Clicking on that link will bring up information on the corporate governance of Codere SA, including its Bylaws, the Rules of the General Meeting, the composition of the Board of Directors, the Regulations of the Board, and specific information on the General Meetings. In this tab, we publish all information relating to the General Meetings of Shareholders held since the date of the IPO, as well as information on the Electronic Shareholder Forum.

C ADMINISTRATIVE STRUCTURE OF THE COMPANY

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	Category of Director	Position on Board	Date of Initial Appointment	Date of Most Recent Appointment	Procedure for appointment
MR. JUAN JOSÉ ZORNOZA PÉREZ		Other external	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO		Executive	CHAIRMAN-CEO	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ IGNACIO CASES MÉNDEZ		Nominee	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO		Executive	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. EUGENIO VELA SASTRE		Other external	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ		Nominee	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO		Executive	DIRECTOR	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JUAN JUNQUERA TEMPRANO		Independent	DIRECTOR	10/05/2012	10/05/2012	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MASAMPE, S.L.	MS. CRISTINA MARTINEZ SORIA	Nominee	DEPUTY CHAIRMAN	07/05/2008	25/06/2014	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSEPH ZAPPALA		Independent	DIRECTOR	20/11/2002	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS

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

C.1.3 Complete the following tables regarding members of the Board of Directors and their type of directorship:

EXECUTIVE DIRECTORS

Name of Director	Position in company organization chart
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CHAIRMAN AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	DIRECTOR CODERE AMERICA

Total number of executive directors	3
% of total board	30.00%

EXTERNAL NOMINEE DIRECTORS

Name of Director	Name of significant shareholder which this director represents or which proposed the director's appointment
MR. JOSÉ IGNACIO CASES MÉNDEZ	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MASAMPE, S.L.	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Total number of external nominee directors	3
% of total board	30.00%

EXTERNAL INDEPENDENT DIRECTORS

Name of director:

MR. JUAN JUNQUERA TEMPRANO

Profile:

Former Secretary of State for Telecommunications and the Information Society CEO of Indestic Consulting, S.L.

Name of director:

MR. JOSEPH ZAPPALA

Profile:

Former U.S. ambassador to Spain (1989-1992)
President of Joseph Zappala Investments.

Total number of other independent directors	2
Total % of Board	20.00%

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.

No independent directors incurred in this circumstance.

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.

OTHER EXTERNAL DIRECTORS

Identify the other external directors and indicate the reasons why they cannot be considered nominee or independent directors and their ties, either with the company, its managers or its shareholders:

Name of Director:

MR. JUAN JOSÉ ZORNOZA PÉREZ

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 ak any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director that until then was held by Juan José Zornoza Pérez, under the Ministerial Order ECC/461/2013, said status is lost for having held the position for over the 12 years established.

However, we understand that Juan José Zornoza Pérez cannot be considered a nominee director as he does not own any shares in the company and has not been designated or represent any shareholder of the company.

Name of Director:

MR. EUGENIO VELA SASTRE

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 ak any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director, who until then held Eugenio Vela Sastre under the Ministerial Order ECC/461/2013, is lost for having held the position for over the 12 years established.

We understand, notwithstanding the foregoing, that Mr. Eugenio Vela Sastre cannot be considered a nominee director, not having been appointed by a shareholder, nor represent any shareholder.

Total number of other external directors	2
% total Board	20.00%

Indicate, if applicable, any changes that may have taken place during the period in regard to the type of directorship:

C.1.4 Complete the following table with information on the number of directors for the past 4 years, and the nature of such directors:

	Number of directors				% of total of each type of director			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	1	1	1	1	33.33%	33.33%	33.33%	33.33%
Nominee	1	0	0	0	33.33%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	2	1	1	1	20.00%	10.00%	10.00%	10.00%

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	
<p>The company has not formally adopted measures, nor any formal procedure for the inclusion of women in the Board so that their presence on the Board would be balanced. Notwithstanding the foregoing, the percentage of women on the Board of Codere S.A. is 20%, far above the average for the Boards of comparable companies.</p> <p>In addition, the Ethics and Conduct Code of Codere Group in section IV point 1 states that "The Codere Group will promote equal treatment for men and women as regards access to employment, training and promotion of professionals and working conditions, as well as access to goods and services and their supply". In point 5 of the same section states that "The Codere Group will maintain a rigorous and objective selection policy considering only the academic and professional merits of the candidates and the needs of the Group."</p>	
<p>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:</p>	
Explanation of the measures	

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:

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. Moreover, during the 2015 financial year, the Rules of the Board of Directors of Codere S.A. were amended for the purpose of including (among other matters) as a responsibility of the Corporate Governance Committee that of establishing a target of representation for the underrepresented gender on the Board of Directors and of preparing guidelines on how to attain the target set.

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

Explanation of reasons

At the present time, the Board of Directors of Codere, S.A. is comprised by ten directors, two of whom are women. This means that women account for 20% of the Board, whereby their number cannot be considered low, since it far exceeds the average for Spanish companies.

- C.1.6 bis Explain the conclusions of the Appointments Committee on the verification of compliance with the policy for the selection of directors. And, in particular, on how this policy is furthering the goal that by 2020, the number of female directors will represent at least 30% of the total number of members of the Board of Directors.

Explanation of the conclusions

The Corporate Governance Committee, during its meeting held in January 2016 for reviewing the relevant reports and making the proposals concerning the directors who will foreseeably join the Company's Board of Directors as a consequence of the restructuring process underway, agreed to make a record of the fact that, without prejudice to the appreciation of the suitability of the directors proposed on the basis of their characteristics of preparation and professional experience, it should be noted that the circumstance that all of the proposed directors are male candidates moves the company away from the objectives pursued by the Equality Act as well as from the recommendations of the Code of Good Governance of Listed Companies approved in 2015.

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

Jose Antonio Martinez Sampedro, owner of 12,425% of the shares of the Company and who indirectly controls an additional 51'246%, is represented on the Board of Directors by the directors Mr. José Ignacio Cases Méndez, José Ramón Romero Rodríguez and Masampe, SL, Nominee Director and Deputy Chairman, which is represented in turn by Cristina Martínez Soria

- C.1.8 Explain, if applicable, the reasons for appointing nominee directors at the request of shareholders holding less than 3% of the share capital.

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 honored.

Yes ☐

No ☒

- 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:

- C.1.10 Indicate, if applicable, the powers delegated to the CEOs:

Name of Director:

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Brief description:

The Board of Directors permanently delegates all of the powers to the CEO, with the exception of those powers that 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	Has executive duties?
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE ESPAÑA. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA S.L.	CHAIRMAN OF THE BOARD	NO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRICAS SAPI DE CV	CHAIRMAN OF THE BOARD	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE MÉXICO SA DE CV	CHAIRMAN OF THE BOARD	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA. S.P.A.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTENGRAL. S.P.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA. S.P.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK. S.P.A.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMATICA. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE BINGO SRL	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS EXTREMADURA S.A.U.	SOLE ADMINISTRATOR	YES

Name of Director	Name of group company	Position	Has executive duties?
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA. S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA. S.A.	SECRETARY TO THE BOARD AND DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS LA RIOJA S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA Y LEÓN S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CATALUÑA SAU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM. S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE JUEGOS REGULADOS SAU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO. S.L.	CHAIRMAN OF THE BOARD AND CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC. S.L.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN. S.L.	REPRESENTATIVE OF THE JOINT ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA. S.L.	REPRESENTATIVE OF THE JOINT ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CEUTA S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE LOGROÑO. S.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE HUESCA SL	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS GALICIA. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA-LA MANCHA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS MURCIA. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F8. S.L.	REPRESENTATIVE OF THE JOINT AND SEVERAL DIRECTOR	NO

Name of Director	Name of group company	Position	Has executive duties?
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ESPAÑA. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS, S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ALICANTE, S.L.U.	SOLE ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SAGUNTO SLU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGON S.L.U.	SOLE ADMINISTRATOR	YES
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA S.L.	DIRECTOR	NO
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRCIAS SAPI DE CV	DIRECTOR	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CARRASCO NOBILE S.A.	MANAGER	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERMAR BINGOS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE ARGENTINA. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS DEL OESTE. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	IBERARGEN. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS PLATENSES. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SAN JAIME. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERBAS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ITAPOAN. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERJUEGOS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE CHILE LIMITADA	REPRESENTATIVE	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES

Name of Director	Name of group company	Position	Has executive duties?
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	TREASURER	YES
MR. JOSÉ ANTONIO MARTINEZ SAMPEDRO	CODERE LATAM S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ASTURIAS S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CANTABRIA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS LA RIOJA S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA Y LEÓN S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	ALTERNATE DIRECTOR	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE LATAM S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE COLOMBIA S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS CODERE S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERSARE S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOCIONES RECREATIVAS MEXICANAS S.A. DE C.V.	ALTERNATE DIRECTOR	NO

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 or company name of the director	Name of the group company	Position
MR. JUAN JOSÉ ZORNOZA PÉREZ	GENERAL DE ALQUILER DE MAQUINARIA S.A.	DIRECTOR

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 Paragraph revoked

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

Remuneration of the board of directors (thousands of euros)	2,374
Amount of the rights accrued by the current directors in terms of pensions (thousands of euros)	0
Amount of the rights accrued by the former directors in terms of pensions (thousands of euros)	0

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
MR. PEDRO CARLOS ECHEVARRIA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
MR. RAFAEL LÓPEZ ENRÍQUEZ CHILLÓN	HUMAN RESOURCE MANAGER
MR. SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER
MR. BERNARDO CHENA MATHOV	GENERAL MANAGER FOR ARGENTINA
MR. FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER
MR. ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER
MR. ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
MR. FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT DIRECTOR
MR. ALEJANDRO PASCUAL GONZALEZ	EUROPEAN OPERATIONS MANAGER
MR. ITALO DURAZZO	MARKETING AND COMMUNICATIONS MANAGER
MR. DAVID JIMENEZ MARQUEZ	CORPORATE LEGAL AREA MANAGER

Total senior management compensation (in thousands of euros)	3,718
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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
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	JOINT ADMINISTRATOR

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:

MASAMPE, S.L.

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

MASAMPE, S.L. is a company fully owned by Mr. Jose Antonio Martínez Sampedro

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MASAMPE HOLDING, B.V.

Relation Description:

Ms. Encarnación Martínez Sampedro is the majority shareholder of Mabloem Ontwikkeling BV, a company that owns 100% of Masampe Holding, BV

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Relation Description:

Luis Javier Martínez Sampedro and Ms. Encarnación Martínez Sampedro are siblings.

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

At the meeting of the Board of Directors held on 24 January 2015, a resolution was approved for amending the Rules of Procedure of the Board, to adapt them to the changes introduced by Act 31/2014, amending the Companies Act with the intention of improving Corporate Governance. At the Extraordinary General Meeting held on 27 April 2015, the shareholders were informed about the most significant changes introduced in the text. In this regard, changes were made in relation to the determination of tax strategy as an exclusive responsibility of the Board, the introduction of the position of Coordinating Officer to be held by a director and changes in the composition of the Audit and Corporate Governance Committees, all of which are in line with the new legal requirements.

In addition, a resolution was passed at the meeting of the Board of Directors held on 29 October 2015 for amending the Rules of Procedure of the Board, in the scope of the financial restructuring process undertaken by the Company. Nevertheless, the Board of Directors suspended the effectiveness of the amendment to the Rules of Procedure until such time as it is determined whether all of certain conditions have been met or have been given a dispensation, in relation to the proceeding of the Scheme before the High Court of Justice of England and Wales. At 31 December 2015, the conditions were pending fulfillment and, therefore, the amendment of the Rules of the Board had not entered into effect.

C.1.19 Indicate the procedures for 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. (Art: 16.2. and 1.16 of the Rules of Procedure of the Board of Directors) and shall establish a representation target for the underrepresented gender on the Board of Directors and develop guidelines on how to attain the target.

- 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 that 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 four 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 and, on the basis of the outcome, propose an action plan to correct any differences detected. The result of the evaluation will be included in the minutes of the meeting (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 Rules of Procedure of the Board of Directors).

C.1.20 Explain the extent to which the annual evaluation of the Board has led to major changes in its internal organization and the procedures applicable to its activities:

Description of changes

On 22 January 2015, after approving the report on the evaluation of the Board, the Board of Directors also approved an Action or Improvement Plan to address the deficiencies detected.

Accordingly, in relation to the failure to send the relevant information to the directors sufficiently in advance, during the 2015 financial year particular attention was given to speeding up the sending of the information to the directors, complying with the five-day period in advance stipulated in the Rules of Procedure of the Board of Directors for providing the documentation associated with the meetings of the Board, under the responsibility of the Chairman and the Secretary. In the 2015 evaluation made during the month of December 2015, a greater degree of satisfaction on the part of the directors was detected with respect to the time in advance by which the documentation was sent.

Moreover, and in regard to the need for appointing directors with more extensive financial expertise, the Action Plan was focused on ensuring that the new additions to the Board to be made during the 2015 financial year had profiles in consonance with the concerns expressed. However, due to the fact that the financial restructuring process took longer than expected, during 2015 it was decided that the best course of action was to re-elect the company's directors whose terms of office were about to end, awaiting the time when, with the entry of the new shareholders, the objective pursued could be attained..

C.1.20.bis Describe the evaluation process and the areas evaluated by the Board of Directors assisted, as appropriate, by an external consultant, with respect to the diversity of its composition and competencies, the functioning and composition of its committees, the performance of the Chairman of the Board and of the chief executive of the company and the performance and contribution of each director.

The annual Board evaluation process is performed internally, without the assistance of an external consultant.

This process commences with the sending of a questionnaire to each of the directors, granting them a time limit for the return of the completed questionnaire to the Secretary of the Board. The directors answer the questionnaire on a voluntary basis, and the confidentiality of the answers received is guaranteed.

The questionnaire is divided into five sections or areas:

- 1) In the first place, questions are asked in relation to the Board of Directors, through 13 different questions designed to assess how the management body operates in its various aspects, including a specific question with respect to whether the composition of the Board is adequate in terms of the suitability of the directors and of the conjunction of their knowledge and skills.
- 2) Secondly, questions are asked about the Committees of the Board of Directors, through four specific questions designed to assess whether they are adequate in terms of their composition and duties for advising the Board and preparing its decisions, together with other specifics of how they function.
- 3) Thirdly, the questionnaire includes a set of questions on the Chairman and the chief executive with respect to their performance in heading the management body, through 8 questions assessing different aspects of the way they operate.
- 4) In fourth place, the questionnaire briefly examines the work carried out by the Secretary of the Board through 4 questions.
- 5) Finally, the questionnaire in the 2015 financial year added one last paragraph, relating to the individual evaluation of each of the directors, including questions on the performance and educational background of each of the members of the Board.

Following receipt of the questionnaires, the company's Secretariat analyzes the replies, and a report is prepared with the results obtained, highlighting the areas for improvement and proposing actions for remedying the deficiencies detected.

Later, the Corporate Governance Committee holds a meeting, at which the Secretariat presents the work performed. The Committee will then approve a report on the results of the self-evaluation, together with an Action or Improvement Plan. These documents are subsequently reviewed during a meeting of the Board of Directors which, if it considers them to be in order, will approve them, or otherwise, will amend them.

C.1.20.3rd Provide a breakdown, if applicable, of the business relations maintained by the consultant or any company in its group with the company or any company in its group.

Not applicable, since the evaluation was not made with the assistance of an external consultant.

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 that 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 of the 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 Recommendation 1.9. 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 Paragraph revoked.

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

Yes ☐

No ☒

Where applicable, describe 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 ☒

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

Yes ☐

No ☒

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 ☒

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 ☒

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 any limitation is required in terms of the categories in which it is possible to appoint a proxy, beyond the restrictions imposed by the relevant legislation. 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, except for the non-executive Directors, who may only appoint another non-executive Director as their proxy.

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. The non-executive Directors may only appoint another non-executive Director as their proxy.

Aside from the foregoing, there are no other rules on the appointment of a proxy, since the company has not considered it necessary to regulate this matter, in view of the fact that practically no appointments for proxy voting have occurred in the last five financial years.

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	12
Number of Board meetings not attended by the Chairman	0

Si el presidente es consejero ejecutivo, indíquese el número de reuniones realizadas, sin asistencia ni representación de ningún consejero ejecutivo y bajo la presidencia del consejero coordinador

Number of meetings	0
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Indicate the number of meetings that the various Board Committees have held during the year:

Commission fee	Number of meetings
COMPLIANCE AUDIT COMMITTEE	5
CORPORATE GOVERNANCE COMMITTEE	10
AUDIT COMMITTEE	12

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:

Number of meetings with the attendance of all of the directors	8
% of absences with respect to total votes during the year	96.66%

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
MR. ANGEL CORZO UCEDA	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 endeavored 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.

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

Yes ☐

No ☒

Si el secretario no tiene la condición de consejero complete el siguiente cuadro:

Name or company name of the Secretary	Representative
MR. LUIS ARGÜELLO ALVAREZ	

C.1.34 Paragraph revoked:

C.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditor, 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. 14.3.2c) 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 in general, the other rules established to ensure the independence of auditors; and, if the external auditor resigns, examine the circumstances that have led thereto - 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 and its representatives with analysts, institutional investors and other securities market professionals, it will be endeavored 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 ☒

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

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)	43	270	313
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	23.90%	12.86%	13.74%

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 ☒

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	7	7
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	41.18%	41.18%

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

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.

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.

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

Article 12 of the Rules of Procedure of the Board of Directors establishes that the notification of ordinary meetings of the Board shall be made by letter, fax, Telegram or e-mail and shall carry the signature of the Chairman or that of the Secretary or Deputy Secretary by order of the Chairman. Notice will be sent in good time for the Directors to receive it no later than the fifth day before the date of the meeting. 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 above and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.

Nevertheless, for those sessions of the Board that will debate the amendment of the regulation, Article 18 increases the aforementioned period, indicating that any proposal to amend the Regulation of the Board shall be included in the agenda of the session in which it will be voted, to be convened with at least ten days advance notice to facilitate their examination and analysis.

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

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 shall review the case as soon as possible and, in view of the specific circumstances; decide whether or not the director should continue in office. The Board will report on the matter in the Annual Corporate Governance Report.

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 ☒

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.

C.1.44 Detail the significant agreements entered into by the company and those, 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: The Company has entered into a Senior Credit Agreement dated October 19, 2007, as amended and novated on various dates, for a maximum available amount of €130 million in cash and €18.8 million in guarantees, and although it is technically in default, the holders have signed an agreement to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

Said Senior Credit Line 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.

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. Codere S.A., and several of its subsidiaries guarantee the issues. In the case of a change in control of Codere S.A., the bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

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 bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

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: 4

Type of beneficiary: Executives

Description of the agreement:

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

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

	Board of Directors	General Meeting of Shareholders
Organ authorizing the contracts	Yes	No

	Yes	No
Was the General Meeting of Shareholders informed of the contracts?		X

C.2 Committees of the Board of Directors

C.2.1 Detail all of the Committees of the Board of Directors, their members and the proportion of executive, nominee, independent and other external directors belonging to them:

COMPLIANCE COMMITTEE

Name	Position	Type
MR. JOSÉ IGNACIO CASES MÉNDEZ	CHAIRMAN	Other External
MR. JUAN JUNQUERA TEMPRANO	MEMBER	Independent
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MASAMPE, S.L.	MEMBER	Nominee
MR. JOSEPH ZAPPALA	MEMBER	Independent

% of nominee directors	60.00%
% of independent directors	40.00%
% of other external directors	0.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The composition of the Compliance Committee is comprised by a minimum of three and a maximum of six members, appointed by the Board of Directors. The majority of the members of this Committee must be external directors.

An effort should be made to ensure that the Chairman of the Compliance Committee is an independent director. If the Chairman appointed is not an independent director, the Annual Corporate Governance Report must include information setting out the specific reasons why this has been the case.

Without prejudice to any other duty which the Board of Directors may assign to it, the Compliance Committee shall have the following competencies:

- The monitoring of compliance by the Company and the Group with the domestic or foreign laws and regulations applicable to it in the context of gaming.
- Evaluate the internal control systems of both the Company and the Codere Group in relation to their reporting and transparency obligations in the gaming context and put forward those proposals for the implementation and upgrading of systems as it may deem necessary or advisable.
- The monitoring of compliance and the control systems by the Company and the Group in terms of the regulations on money laundering prevention and the proposals for the implementation and upgrading of systems considered necessary or advisable.
- Establish and supervise a mechanism that will enable the employees, customers, suppliers and other third parties with whom contractual relations exist to report confidentially and, if considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they may detect within the company.
- Monitor the security systems and measures applied in the performance of the business activities of the Company and the Group, with regular reporting to the Committee by the managers responsible for these areas.

During the 2015 financial year, the Compliance Committee carried out a range of activities, among which the updating of the Money Laundering Prevention Manual and the audit by an External Expert specialized in money laundering prevention stand out.

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Type
MR. JUAN JUNQUERA TEMPRANO	CHAIRMAN	Independent
MR. JOSÉ IGNACIO CASES MÉNDEZ	MEMBER	Nominee
MASAMPE, S.L.	MEMBER	Nominee
MR. EUGENIO VELA SASTRE	MEMBER	Other External
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	Other External

% of nominee directors	40.00%
% of independent directors	20.00%
% of other external directors	40.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The Corporate Governance Committee, which also takes in the nature and functions recommended by the Unified Code of Good Governance for Listed Companies for the Appointments and Compensation Committee, shall be comprised by a minimum of three and a maximum of six members, appointed by the Board of Directors. All of the members of this Committee must be external directors, with at least two independent directors.

The Chairman of the Corporate Governance Committee shall be appointed from among the independent directors.

Without prejudice to any other duty which the Board of Directors may assign to it, the Corporate Governance Committee shall have the following competencies:

- (a) Examine compliance with the Internal Code of Conduct in the Securities Markets and make the proposals necessary for improving compliance, as well as supervise compliance with the rules of corporate governance applicable in this regard.
- (b) Prepare reports and proposals for referral to the Board concerning the decisions to be adopted in conflict of interest situations.
- (c) Submit to the Board, for approval, the Annual Corporate Governance Report and the Report on the Director Compensation Policy.
- (d) Make the proposals stipulated in these Rules of Procedure with respect to the compensation of the members of the Board of Directors.
- (e) Evaluate the skills, knowledge and experience necessary for serving on the Board, define, accordingly, the functions and skills necessary in the candidates who are to fill each vacancy and assess the time and dedication required for the proper discharge of their duties.
- (f) Make the proposals to the Board in relation to its duties of appointment or of proposal, with respect to the composition of the Board and of its Committees.
- (g) Prepare reports on the appointment and removal of senior managers which the chief executive may propose to the Board.
- (h) Prepare reports for the Board, whenever appropriate, concerning the issues of gender diversity contained in article 1.12.
- (i) Make a proposal to the Board of Directors concerning the remuneration of the Chairman-CEO in terms of his or her status as chief executive of the Company, or that of the other executive directors, separate from their compensation as directors in accordance with the Bylaws, as well as with respect to the other terms & conditions of their contracts.
- (j) Propose to the Board the general remuneration policy to be applied to the senior management staff of the Company and its subsidiaries or investee companies, together with the basic terms & conditions of the contracts of the senior managers.
- (k) Establish guidelines and supervise the actions taken with respect to the appointment, selection, career development, promotion and dismissal of managers, to ensure that the Company has the highly qualified personnel necessary for its management.
- (l) Make proposals to the Board and prepare the review of the matters to be brought to its attention with respect to those issues that are not the specific responsibility of any of the other Committees, whenever this is considered necessary.
- (m) Establish a representation target for the underrepresented gender on the Board of Directors and develop guidelines on how to attain the target.
- (n) Propose to the Board of Directors the policy for the compensation of the directors and for the remuneration of the general managers or of those who perform senior management functions and answer directly to the Board or to the CEO, as well as the individual remuneration and other contractual terms & conditions of the executive directors, overseeing their observance.

Among the most significant tasks performed during the 2015 financial year, we find that the Corporate Governance Committee has supervised the amendment of the Corporate Bylaws, the Rules of Procedure of the General Meeting of Shareholders and the Rules of Procedure of the Board, for the purpose of adapting them to Act 31/2014, amending the Companies Act, in addition to performing the Evaluation of the Board and drawing up the Improvement Plan for remedying the deficiencies detected.

AUDIT COMMITTEE:

Name	Position	Type
MR. JOSEPH ZAPPALA	CHAIRMAN	Independent
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MR. JUAN JUNQUERA TEMPRANO	MEMBER	Independent
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	Other External
MR. EUGENIO VELA SASTRE	MEMBER	Other External

% of nominee directors	20.00%
% of independent directors	40.00%
% of other external directors	40.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The Audit Committee shall be comprised by at least three and no more than six members, appointed by the Board of Directors. All of the members of this Committee must be external directors, with at least two independent directors.

Its members, and particularly its Chairman, must be appointed by keeping in mind their knowledge and experience in accounting, auditing or risk management.

The Chairman of the Audit Committee should be an independent director and must be replaced every four years, with the possibility of re-election once a period of one year has transpired since the conclusion of his or her term of office.

Without prejudice to any other duty as may be assigned to it by the Board of Directors, the Audit Committee shall have as its primary duty that of providing support to the Board of Directors in its financial supervision responsibilities and, specifically, shall have the following competencies, as a minimum:

- (a) Inform the General Meeting of Shareholders about the issues raised during meetings by the shareholders within the scope of the competencies of the Audit Committee.
- (b) Propose the appointment of external auditors to the Board of Directors for referral to the General Meeting of Shareholders for approval.
- (c) Supervise the internal audit services.
- (d) Be familiar with the financial reporting process and the internal control systems.
- (e) Maintain the relations with the external auditor for receiving information on those issues which could place the independence of the auditor at risk and any other issues relating to the process for the performance of the audit, as well as for receiving information and maintaining with the auditor those communications which are stipulated in the relevant legislation.
- (f) Report on the annual accounts, as well as on the issue prospectuses and on the regular financial information that must be sent to the regulatory bodies quarterly or half-yearly, with particular attention to the fulfillment of the legal requirements and the proper application of the generally accepted accounting principles, and to the existence of internal control systems and the monitoring thereof, together with the compliance with the internal audit.
- (g) Prepare a brief annual report describing the activities carried out by the Committee.

A range of duties will also come under the responsibility of the Audit Committee in relation to the information and internal control systems, the external auditor, the provision of information to the Board in advance of meetings on certain decisions reserved for the Board alone (financial information to be published on a regular basis, the creation or acquisition of shareholdings in special interest entities or entities domiciled in tax havens...), as well as the Company's risk control and management policy.

During the 2015 financial year, the Audit Committee commenced the work for examining the responsibility of the directors in the determination of the Company's tax strategy and decided to propose to the Board (meeting of 22 January 2015) the contracting of an independent expert to advise the Company on the establishment of the relevant procedures and documents. In the course of this work, the Audit Committee was timely informed and contributed its proposals (meeting of 25 May 2015), in order to finally deem the work as concluded, during the meeting of 29 July 2015, and to propose to the Board of Directors the approval of the document setting out the Corporate Tax Policy. This Policy was approved in such terms by the Board of Directors on that same date. In addition, the Committee supervised the work for the preparation of the financial information which, due to its status as a listed company, Codere SA is under the obligation of publishing on a regular basis.

Identify the director, member of the Audit Committee, who was appointed by taking into account his or her knowledge and experience in the fields of accounting, auditing or both and report on the number of years the Chairman of the Committee has held this position.

Name of the director with experience	DON EUGENIO VELA SASTRE
No. of years in the position of Chairman	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							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
Compliance Committee	1	20.00%	0	0.00%	0	0.00%	0	0.00%
Corporate Governance Committee	1	20.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Paragraph revoked:

C.2.4 Paragraph revoked:

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 functioning of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors, as well as in article 26 of the Corporate Bylaws. During the 2015 financial year, the regulation of the Committee was amended to adapt it to the changes introduced by Act 31/2014, reforming the Companies Act, including the requirement that at least two of the members of the Audit Committee must be independent directors, as well as entrusting that Committee with the duty of reviewing the tax risks on a regular basis. The regulatory texts mentioned are available on the Codere website (www.codere.com).

The Audit Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Audit Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

CORPORATE GOVERNANCE COMMITTEE:

The organization and functioning of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. During the 2015 financial year, the regulation of the Committee was amended to adapt it to the changes introduced by Act 31/2014, reforming the Companies Act, including the requirement that at least two of the members of the Corporate Governance Committee and its Chairman must be independent directors, as well as entrusting that Committee with the duties of establishing a representation target for the underrepresented gender on the Board of Directors and of proposing to the Board of Directors the policy for the compensation of the directors and for the remuneration of the general managers or of those who perform senior management functions and answer directly to the Board or to the CEO, as well as the individual remuneration and other contractual terms & conditions of the executive directors, overseeing their observance. The Rules of Procedure of the Board of Directors are available on the Codere website (www.codere.com).

The Corporate Governance Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Corporate Governance Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

COMPLIANCE COMMITTEE:

The organization and functioning of the Compliance Committee is regulated in detail in article 15 of the Rules of Procedure of the Board of Directors. This article has undergone no change whatsoever during the 2015 financial year and is available on the Codere website (www.codere.com).

The Compliance Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Compliance Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

C.2.6 Paragraph revoked:

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain, if appropriate, the procedure for approval of related-party and intragroup transactions.

Procedure for reporting on 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 (art. 14.3.3º.c). 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.

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

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)
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	512
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	DIRECTOR	Provision of services	505
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	1,045
MR. ADOLFO CARPENA MANSO	CODERE, S.A.	EXECUTIVE	Financing agreements: loans	9
MR. FERNANDO ORS VILLAREJO	CODERE, S.A.	EXECUTIVE	Financing agreements: loans	14

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:

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

579 (In thousands of Euro)

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 that 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 that 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 person 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

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, including the tax risks.

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.

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 Department.

With respect to the tax risk management system, the Board of Directors of the Group approved the Codere Group Corporate Tax Policy on 29 July 2015. Through this policy, the tax policies governing how the Group proceeds are approved and published, adopting specific measures for the management of tax risks and implementing an appropriate internal control system on tax risk aspects.

In addition, a specific manual of tax control and management procedures is being prepared, which will also include supervision of the Group's internal information and tax control systems. Close collaboration is established with the Internal Audit Department, in such a way as to ensure that the controls necessary for the supervision of compliance with the processes that enable the monitoring and control of tax risks are integrated into its action plan for each financial year.

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

Article 7 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes a number of competencies which the plenum of the Board of Directors reserves for itself, one of which is the risk control and management policy, including tax risks, as well as the regular monitoring of the internal information and control systems.

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 14.3 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, including tax risks, 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 Department) 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.

In addition, during the 2015 financial year, the Board of Directors approved the Codere Group Corporate Tax Policy, which included the obligation of the Board of overseeing compliance with the principles and standards contained in that Policy. Likewise, the Policy stipulates that the way the monitoring of such principles and best tax practices is promoted is through the Chairman-CEO and the Senior Managers, with the support of the Audit Committee, which will supervise the effectiveness of the tax risk management and control systems and will provide the Board with information on certain relevant aspects on a regular basis.

E.3 Describe the main risks, including tax risks, which 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:

- Corporate Governance Risks: The Company employs the strategy of sustained maximization of the economic value of the Company and its successful outcome in the long term taking into account the legitimate public or private interests of the various stakeholders, communities and territories in which the Group acts, and those of its workers. In said regard, compliance with Group corporate governance systems inspired by the good governance recommendations generally recognized in the financial markets becomes fundamental.
- 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, and 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 that, 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 that does not meet the expectations created in the various stakeholders.

E.4 Identify whether the company has a level of risk tolerance, including the tax risks.

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.

Moreover, the Board of Directors of Codere SA is responsible for the approval of all transactions with significant tax implications, understanding as such those transactions which, due to their particular characteristics, their strategic nature or their level of materiality, could involve a significant tax risk for the Codere Group.

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 him or her. 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, including the tax 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 or by different actions by the government of the countries where the Group operates that have generated significant liquidity problems in the group. Of these factors, we would highlight the closure of eight arcades in Mexico in 2013, of which seven are still closed in 2015, and the increase in gaming taxes in some jurisdictions where the Group operates (Italy, Colombia, Panama, etc.)

How the control systems functioned: As soon as these threats are identified and the 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: Codere Mexico and its subsidiaries are currently in process of tax inspection for the years 2008 and 2009 by the Mexican Tax Administration Service that we believe will end in the year 2016.

In addition, a fresh inspection of our Mexican subsidiary, Operadora Cantabria, has commenced.

Finally, during the 2015 financial year, our Mexican subsidiaries (Codere Mexico, Operadora Cantabria and Operadora de Espectáculos Deportivos) have filed appeals with the competent Court, defending the arguments of the Group against the tax inspection reports in relation to the Company Tax for 2008 and Foreign Trade taxes in the case of Codere México, the Federal District State Taxes in the case of Operadora Cantabria and the IEPS (Production & Services Tax) in the case of Operadora de Espectáculos Deportivos.

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 situation and could not meet the payment of coupons on bonds issued by the company nor the maturity of the senior SFA credit.

How the control systems functioned: On 23 September 2014, Codere, S.A., Codere Luxembourg Finance, S.A. and certain

companies of Codere Group signed a Lock-up agreement with the holders of approximately 96.45% of the Bonds in Euros and 97.47% of the Bonds in dollars. The implementation of the terms and conditions of the Lock-up guarantee the long-term viability of our business. The terms & conditions of this agreement were amended on 18 August 2015.

Subsequent to the signature of the Lock-up agreement on 23 September 2014, Codere decided to file a proceeding with the High Court of Justice of England and Wales called a "scheme of arrangement", provided for in the United Kingdom's Companies Act (the "Scheme"), the purpose of which was to obtain a favorable judicial ruling for implementing the Restructuring process. The approval of the Scheme by the competent British courts, as well as by the competent courts of New York, took place on 22 December 2015, as from which date the Scheme has been considered fully effective. The Financial Restructuring process is expected to finalize in the first half of 2016.

Moreover, the senior credit agreement is under a standstill agreement linked to the Lock-up Agreement.

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, including the tax risks.

At least once each year, at the start of the budget process, the managers responsible for each business unit and/or department identify and approve the main risks to which they are exposed and which could prevent the attainment of the strategic objectives set by the Group.

In addition, also on a yearly basis, the various business units prepare their own Risk Maps of the principal risks they face, assessing the likelihood of occurrence and the possible impact. These maps are consolidated and approved by the Audit Committee for submission to the Board of Directors.

Finally, the Tax Risk Map is also drawn up and reported to the Board of Directors.

On the basis of the information on risks received, the Board of Directors implements a range of measures of action designed to mitigate the impact in the event that any of the risks eventually materializes.

Moreover, depending on whether or not the risks actually materialize, or if other new risks appear or the likelihood or possible impact of the risks changes, the Internal Audit Plans will be amended in order to adapt to these risks.

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.

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 implementation and maintenance of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Department, 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, 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, including the tax 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 that 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 Resource Departments and Operational departments 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 is responsible for reporting on the appointments and removals of the senior managers proposed by the chief executive to the Board, as well as for establishing the guidelines and supervising actions related to the appointment, selection, career development, promotion and dismissal of managers (in order for the company to have the highly qualified personnel it 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:

1. Internal Rules of Conduct in the securities market which determines the behavior 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).

Paragraph 7.5, "Notifications, registering and filing of transactions", of the Internal Code of Conduct in the Securities Markets establishes that Codere's Financial Management will be responsible for making the official notifications of the transactions conducted with Codere SA's treasury shares, as required by current legislation, and must keep at all times a register and file of all of the purchase and sale transactions with Codere SA treasury shares, including the shares of the company purchased by its subsidiaries.

2. 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). The Board of Directors is the organ in charge of approving and disseminating the Code of Ethics and the Security and Compliance Corporate Department 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 the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it to be a lack of honesty.

- 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.

Article 15.2.d) of the Rules of Procedure of the Board of Directors attributes jurisdiction to the Compliance Committee for establishing and supervising 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.

In application of the foregoing, 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 Department.

The organ in charge of its management is the Security and Compliance Corporate Department, the Department in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions and at all times informing the Compliance Committee for the performance of its oversight functions.

- 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.

Personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, receive, according to their different responsibilities, regular training on accounting standards, auditing, and internal control.

According to the organizational structure of the Group, the departments directly related to these functions are Internal Audit and Finance.

F.2 Risk Assessment of the financial information

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 that 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. This map is updated annually, reviewed by the Audit Committee, and on proposal of the said Committee, approved by the Board of Directors.

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, with 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 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 a process that 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 is a process of periodic review and updating.

- 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 including the tax risks, 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 authorization of the information sent to the securities markets.
- For each significant process, there is descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Department 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 Department is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center that is the responsibility of the Security and Compliance Department.

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 supervised by the Information Systems Department.

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 Department 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. This manual is periodically reviewed and updated.

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 reporting information for all of the Group units that 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 Department that is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Department 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 Department 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 Department 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 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 Department (in charge of preparing the financial reporting) and the Internal Audit Department (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

The relevant information was provided in the preceding paragraphs.

F.7 Auditor's 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 Codere Group has not requested a specific report from external auditors on ICFR information sent to markets, in consideration of the fact that said auditors have already conducted a review of internal control, developed according to the technical auditing standards in the audit review process.

G

DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

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

In the event that any recommendation is not followed or is 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 that would hinder taking control of the company through the acquisition of its shares on the market.

Complies X

Explain

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 that may arise.

Complies Complies Partially Explain Not Applicable X

3. That during the Regular General Meeting, the Chairman of the Board of Directors inform the shareholders orally in sufficient detail about the most significant aspects of the company's corporate governance, as a supplement to the written dissemination of the annual Corporate Governance Report and, in particular:

- a) About the changes occurring since the previous Regular General Meeting.
- b) About the specific reasons why the company has not followed one or more of the recommendations of the Corporate Governance Code and the alternative rules, if any, applied by the company in this regard.

Complies Complies Partially X Explain

At the Extraordinary General Meeting held on 27 April 2015, the Chairman informed the Shareholders about the changes made during the financial year in the Rules of Procedure of the Board, the appointment of the coordinating officer and the change in the composition of the Audit Committee.

4. That the company define and promote a policy of communication and contacts with shareholders, institutional investors and voting advisors that fully respects the rules against market abuse and gives similar treatment to shareholders who are in the same position.

And that the company make such policy public through its website, including information with respect to the way in which the policy has been put into practice and identifying the contact persons or the persons in charge of implementing it.

Complies Complies Partially X Explain

Although at the present time the company has not approved an explicit policy of communication and contacts with shareholders, it has developed a line of communication with them that complies with all of the rules against market abuse and promotes the same treatment for all of the shareholders. This line of communication encompasses a number of channels such as public telephone calls to which any shareholder may connect (the connection details of which are previously published on the company's website, in addition to being sent to the investors on our distribution list), together with communications with both institutional as well as private shareholders by telephone or the e-mail address designated for this purpose, inversor@codere.com, which can be found on the website. Similarly, the presentations used at meetings with investors and all of the public material shared with any individual investors are published through the channel provided on the company's website.

Although there is no specific policy of communication with shareholders on our corporate website, both the means (e-mail or telephone number) for communicating with the Investor Relations department, as well as the department identified as the contact, together with all of the company's public financial information (Results, Significant Events, presentations, guidance), are included on the website. In the same way, the Electronic Shareholder Forum is made available to the shareholders to enable them to exercise their rights as shareholders and to raise any questions with the company they may wish, prior to the General Meetings of Shareholders. In addition, the corporate website includes a link to information on "Corporate Governance" that provides a range of documents on this subject, such as the texts of the Bylaws, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the General Meeting of Shareholders, the Code of Ethics and Conduct, the Internal Code of Conduct in the Securities Markets, information on each and every one of the General Meetings of Shareholders and the composition of the various Board committees.

5. That the Board of Directors not bring before the General Meeting a proposal for the delegation of powers for issuing shares or convertible securities excluding the pre-emptive subscription right, for an amount in excess of 20% of the share capital at the time of the delegation.

And when the Board of Directors approves an issue of shares or convertible securities excluding the pre-emptive subscription right, that the company immediately publish on its website the

reports on such exclusion required by the relevant business legislation.

Complies X

Complies Partially

Explain

6. That the listed companies that prepare the reports mentioned below, either on a mandatory or a voluntary basis, publish them on their website sufficiently in advance of the date scheduled for the Regular General Meeting, even though the dissemination of such reports is not mandatory:
- a) Report on the independence of the auditor.
 - b) Reports on the operation of the Audit and the Appointments and Compensation Committees.
 - c) Report by the Audit Committee on related transactions.
 - d) Report on the corporate social responsibility policy.

Complies

Complies Partially X

Explain

On the occasion of the Regular General Meeting of Shareholders held on 25 June 2015, the company published the Annual Activities Reports of the Audit, Corporate Governance (appointments and compensation) and Compliance Committees on its corporate website at the time of the notice of the call for the Meeting. For the current financial year, plans are in place for also publishing the report on the independence of the auditor issued annually by the Audit Committee. The company is in the process of drawing up a Corporate Social Responsibility Policy that will systematize the activities that the company and its Group have already been carrying out directly or through the Codere Foundation.

7. That the Company broadcast the General Meetings of Shareholders live through its website:

Complies

Explain X

The percentage of shareholders present in person or by proxy at the General Meetings held in the last two financial years has ranged between a minimum of 69.64% and a maximum of 76.78%, with an average attendance in these financial years of 74.14%.

The company considers that, given its size, its economic and financial capacity and the high attendance of its shareholders at the General Meetings, the broadcasting of the General Meetings through its website is not necessary.

8. That the Audit Committee ensure that the Board of Directors seeks to present the annual accounts to the General Meeting without reservations or qualified opinions in the audit report and that, in the exceptional cases where a qualified opinion exists, both the Chairman of the Audit Committee as well as the auditors clearly explain to the shareholders the content and scope of such reservations or qualified opinions.

Complies X

Complies Partially

Explain

9. That the Company publish on its website, and on a permanent basis, the requirements and procedures that it will accept for providing evidence of the ownership of shares, the right of attendance at the General Meeting and the exercise of voting rights in person or by proxy.

And that such requirements and procedures be conducive to attendance by the shareholders and the exercise of their rights and be applied in a non-discriminatory manner.

Complies X

Complies Partially

Explain

10. That when an eligible shareholder has exercised the right to add to the agenda or to submit additional proposals for resolutions, prior to the holding of a General Meeting, the company must:

- a) Disseminate such supplementary points and new proposals for resolutions immediately.
- b) Publish the format for the attendance card or proxy vote or distance vote forms with the changes necessary to enable voting on the new items on the agenda and alternative proposals for resolutions in the same terms as those proposed by the Board of Directors.

- c) Submit all of those items or alternative proposals to a vote and apply to them the same voting rules as those made by the Board of Directors including, in particular, the presumptions or deductions as to whether the vote is affirmative or negative.
- d) Subsequent to the General Meeting, communicate the breakdown of the voting on such supplementary items or alternative proposals.

Complies Complies Partially Explain Not Applicable X

11. That, if the company plans to pay fees for attendance at a General Meeting, it should establish a general policy on such fees in advance of the Meeting, and such policy should be stable.

Complies Complies Partially Explain Not Applicable X

12. That, the Board of Directors discharge its duties with a unity of purpose and independence of judgment, give the same treatment to all shareholders in the same position and be guided by the corporate interest, understanding as such the achievement of a profitable and sustainable business in the long term that furthers the continuity and the maximization of the economic value of the company.

And that, in the pursuit of the corporate interest, in addition to respect for the law and rules and regulations and to conduct based on good faith, ethics and respect for the generally accepted customs and best practices, the Board seek to reconcile the company's interests with the legitimate interests of its employees, its suppliers, its customers and those of rest of its stakeholders who may be affected, as well as the impact of the company's operations on the community overall and on the environment.

Complies X Complies Partially Explain

13. That the Board of Directors be of a size necessary for operating effectively and in a participative manner, which makes it advisable for it to have between five and fifteen members.

Complies X Explain

14. That the Board of Directors approve a policy for the selection of directors that:

- a) Is specific and verifiable.
- b) Ensures that the proposals for appointment or reelection are based on a prior analysis of the needs of the Board of Directors.
- c) Favors the diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board of Directors be set out in a reasoned report by the Appointments Committee to be published at the time of the call for the General Meeting of Shareholders to which the ratification, appointment or reelection of each director is to be submitted for approval.

And that the policy for the selection of directors furthers the objective that by 2020 the number of women directors will account for at least 30% of the total number of members of the Board of Directors.

The Appointments Committee will verify compliance with the policy for the selection of directors on a yearly basis, and this will be reported in the annual Corporate Governance Report.

Complies Complies Partially Explain X

The Board of Directors hasn't approved yet a Directors Selection Policy. Notwithstanding, the Corporate Governance Committee has drawn up an action plan for 2016 (informed to the Board) to evaluate the competences, knowledge and experience required of the Board and, consequently, to define the necessary duties and skills for any candidates to each vacancy and to evaluate the time and dedication required to adequate exercise its tasks.

15. That the nominee and independent directors comprise an ample majority of the Board of Directors and that the number of executive directors be the minimum necessary, taking into account the complexity of the corporate group and the percentage of interest held by the executive directors in the company's capital.

Complies X

Complies Partially

Explain

16. That the percentage of nominee directors on the total number of non-executive directors not exceed the proportion existing between the capital of the company represented by such directors and the rest of the capital:

This principle may be attenuated:

- a) In companies with high capitalization in which the stakes that legally have the status of significant shareholdings are few in number.
- b) When companies are concerned in which there is a plurality of shareholders represented on the Board of Directors and there are no ties between them.

Complies X

Explain

17. That the number of independent directors account for at least half of the total number of directors.

That, however, when the company is not one of high capitalization or when, even if it is, it has one shareholder, or several shareholders acting concertedly, controlling more than 30% of the share capital, the number of independent directors should account for at least one-third of the total number of directors.

Complies

Explain X

The percentage of independent directors on the Board was 20% at the end of 2015.

Nevertheless, the new structure of the Board (a consequence of the financial restructuring process in which the company is involved), which is expected to take up its duties in the first half of 2016, will be composed by one-third of independent directors and, therefore, will comply with this recommendation.

18. That the companies publish the following information on their directors on their website and keep such information updated:

- a) Professional profile and biography.
- b) Other boards of directors to which they belong, whether listed or unlisted companies are involved, as well as any other paid activities in which they may be engaged, regardless of the nature thereof.
- c) Indication of the category of directorship to which they belong, noting, in the case of nominee directors, the shareholder they represent or with whom they are connected.
- d) Date of their first appointment as a director in the company, as well as of subsequent reelections.
- e) Company shares and stock options held by them.

Complies X

Complies Partially

Explain

19. That an explanation be given in the annual Corporate Governance Report, following verification by the Appointments Committee, of the reasons why nominee directors have been appointed at

the request of shareholders whose shareholding is less than 3% of the capital; and set out the reasons for the refusal of formal requests for a presence on the board by shareholders whose shareholding is equal to or greater than that of others at whose request nominee directors were appointed.

Complies Complies Partially Explain Not Applicable X

20. That the nominee directors submit their resignation when the shareholder they represent transfers its shareholding in full. And that they also do so in proportion to the relevant number, whenever such shareholder reduces its shareholding to a level that requires a reduction in the number of its nominee directors.

Complies Complies Partially Explain Not Applicable X

21. That the Board of Directors not propose the removal of an independent director prior to the completion of the statutory period for which such director was appointed, except in cases of just cause, as concluded by the Board of Directors following a report by the Appointments Committee. In particular, just cause shall be understood to exist whenever a director goes on to hold additional offices or takes on additional obligations that prevent him or her from devoting the time necessary to the discharge of the duties of the office of director, fails to fulfill the duties inherent to the office or is liable to any of the circumstance that would determine the loss of independent status in accordance with the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate transactions that would involve a change in the company's capital structure, whenever such changes in the structure of the Board of Directors are based on the principle of proportionality indicated in recommendation 16.

Complies X Explain

22. That the companies establish rules making it compulsory for the directors to report and, as appropriate, resign in those situations that could prejudice the good name and reputation of the company and, in particular, make it compulsory for them to report to the Board of Directors any criminal cases in which they appear as investigated parties, as well as the subsequent procedural vicissitudes of such cases.

And that if a director is indicted or stands trial for any of the offenses contained in corporate legislation, the Board of Directors must examine the case as soon as possible and, in view of the specific circumstances of the case, decide whether it is appropriate or not for the director to remain in office. And that the Board of Directors include a reasoned report on the foregoing in the annual Corporate Governance Report.

Complies X Complies Partially Explain

23. That all of the directors clearly express their opposition whenever they consider that a proposed decision submitted for approval to the Board of Directors could be contrary to the company's interest. And that, in particular, the independent directors and other director not affected by the potential conflict of interest do likewise, whenever decisions are involved that could prejudice the shareholders not represented on the Board of Directors.

And that whenever the Board of Directors adopts significant or repeated decisions with respect to which a director has expressed serious reservations, such director should arrive at the appropriate conclusions and, if he or she chooses to step down, explain the reasons why in the letter to which reference is made in the following recommendation.

This recommendation also extends to the Secretary of the Board of Directors, even when the Secretary does not have director status.

Complies X Complies Partially Explain Not Applicable

24. That whenever, either in the case of resignation or for any other reason, a director leaves office prior to the end of his or her term, such director should explain the reasons why in a letter to be sent to all of the members of the Board of Directors. And, without prejudice to the fact that the director's leaving office may be reported as a significant event, the reason for the director's leaving office must be included in the annual Corporate Governance Report..

Complies Complies Partially Explain Not Applicable X

25. That the Appointments Committee ensure that the non-executive directors have sufficient availability of time for the proper discharge of their duties.

And that the Rules of Procedure of the Board establish the maximum number of boards of directors to which its members may belong.

Complies X Complies Partially Explain

26. That the Board of Directors meet as often as necessary in order to discharge its duties effectively and at least eight times per year, in accordance with the schedule of dates and matters to be addressed established at the start of the financial year. Each director may also propose other items to be included on the agenda not initially planned.

Complies Complies Partially X Explain

The Board of Directors meets more than eight times per year and generally tries to follow the timetable approved at the beginning of each financial year, although the restructuring process carried out in the last two years has led to the holding of meetings not initially planned.

In addition, this situation has made it difficult to establish a schedule of matters to be addressed during the year.

27. That the absences of directors be reduced to cases where non-attendance is absolutely necessary and that absences be quantified in the annual Corporate Governance Report. And that, whenever an absence is necessary, a proxy should be granted with instructions.

Complies Complies Partially X Explain

The percentage of absences of directors in the course of the financial year is very low, although in the cases where absences have occurred, no proxy was granted with instructions by the directors not in attendance.

28. That whenever the directors or the Secretary express their concern about a particular proposal or, in the case of the directors, on the progress of the company, and such concerns are not resolved at the meeting of the Board of Directors, a record should be made of such concerns in the minutes, at the request of the persons who raised them.

Complies X Complies Partially Explain Not Applicable

29. That the company establish appropriate channels to enable the directors to obtain the consultancy necessary for the proper discharge of their duties including, if so required under the circumstances, external consultancy to be paid for by the company.

Complies X Complies Partially Explain

30. That, independently of the knowledge required of the directors for the exercise of their duties, companies should also offer their directors knowledge updating programs, whenever the prevailing circumstances render such programs advisable.

31. That the agenda for meetings indicate clearly those items on which the Board of Directors must adopt a decision or resolution for which it would be appropriate for the directors to examine or request -prior to the meeting- the information necessary for reaching a decision.

Whenever, on an exceptional basis, for reasons of urgency, the Chairman wishes to submit to the approval of the Board decisions or resolutions not included on the agenda, the prior express consent of the majority of the directors present must be obtained. A record of this procedure must be duly made in the minutes.

Complies

Complies Partially X

Explain

Although it is true that the items of an informative nature on the agenda are not distinguished from those other points on which a decision or resolution must be adopted, the agenda does in fact tend to be worded in a sufficiently clear manner and is accompanied by sufficient documentation so as to enable the directors to know what matters are going to be submitted to a vote.

32. That the directors be regularly informed of the movements in the shareholder composition and of the opinion of the significant shareholders, investors and credit rating agencies with respect to the company and its group.

Complies

Complies Partially

Explain X

Since 2013, there have been no movements in the shareholder composition or any communications whatsoever with respect to significant shareholders.

Moreover, since 2014, there have been no changes in the ratings given by the agencies with respect to the company and its group. Consequently, during the 2015 financial year, there was no scope for informing the directors about these points.

33. That the Chairman, as the officer responsible for the efficient functioning of the Board of Directors, in addition to performing the legal and statutory duties attributed to the office, prepare and submit to the Board a schedule of dates and matters to be dealt with; organize and coordinate the regular assessment of the Board, as well as, that of the chief executive of the company, if such office exists; be responsible for the management of the Board and of the effectiveness of its operation; ensure that sufficient discussion time is devoted to the strategic issues, and arrange and review the knowledge updating programs for each director, whenever advisable under the circumstances.

Complies

Complies Partially X

Explain

Although the Chairman presents and submits a timetable to the Board of Directors for the following financial year, the difficult situation faced by the company during the last two years has made it impossible to carry out the necessary planning and much less to establish a schedule of matters to be addressed.

The organization and coordination of the regular assessments of the Board and of the chief executive of the company is carried out through the coordinating officer and the Chairman of the Corporate Governance Committee.

34. That whenever there is a coordinating officer, the Bylaws or the Rules of Procedure of the Board of Directors, in addition to the powers legally pertaining to the coordinator, he or she is attributed the following: chair the Board of Directors in the absence of the Chairman and of the Vice Chairmen, if any, convey the concerns of the non-executive directors; maintain contacts with investors and shareholders to learn their points of view for the purpose of forming an opinion about their concerns, particularly in relation to the company's corporate governance; and coordinate the plan for the succession of the Chairman.

Complies

Complies Partially

Explain X

Not Applicable

The coordinating officer holds the powers legally pertaining to him or her under the Rules of Procedure of the Board. As we have mentioned in other sections, due to the fact that in 2015 the company was involved in a financial restructuring process, with

implications on the level of the composition of the Board, has meant that the company has not adopted resolutions beyond those aimed at complying with the legal requirements, awaiting the time when the new management body would adopt the resolutions it considers most advisable in view of the new situation of the company.

35. That the secretary of the Board of Directors exercise particular oversight of the Board to ensure that, in the Board's actions and decisions, it keeps in mind the recommendations on good governance contained in this Code of Good Governance which are applicable to the company.

Complies X

Explain

36. That the plenum of the Board of Directors assess once each year and adopt, if appropriate, an action plan to remedy the deficiencies detected with respect to:
- a) The quality and efficiency of the functioning of the Board of Directors.
 - b) The functioning and composition of its Committees.
 - c) The diversity of the composition and competencies of the Board of Directors.
 - d) The performance of the Chairman of the Board of Directors and of the company's chief executive.
 - e) The performance and contribution of each director, giving particular attention to those responsible for the various Board Committees.

For the performance of the assessment of the Committees, the report made by them to the Board of Directors should be used as the starting point and, for the assessment of the Board, the starting point should be the report submitted to it by the Appointments Committee.

Every three years, the Board of Directors must be assisted in the performance of the assessment by an external consultant, whose independence must be verified by the Appointments Committee.

The business relations that the consultant or any company in its group maintains with the company or any company in its group must be broken down in the annual Corporate Governance Report.

The process and the areas evaluated are to be described in the annual Corporate Governance Report.

Complies

Complies Partially X

Explain

No external consultant has been used for the performance of this annual assessment.

The process for its performance is carried out by sending a questionnaire to each of the directors, to be completed and returned anonymously, with respect to the deficiencies detected in points connected with the issues indicated in letters a, b, d and e.

In terms of the quality and efficiency of the functioning of the Board of Directors, the directors must reply to 13 questions; with respect to the functioning and the composition of the Board Committees, the directors must reply to 4 questions; on the performance of the Chairman and chief executive, the directors must reply to 8 questions; and on the performance and contribution of each director, the directors must reply to 7 questions.

In addition, the questionnaire also includes a section with 4 questions that must be answered in relation to the performance of the Secretary of the Board, as well as two questions (included in the areas of the functioning of the Board and its Committees) in relation to the diversity and suitability of the composition of the Board and its Committees.

37. That, if there is an executive committee, the structure of participation by the different categories of directors should be similar to that of the Board of Directors itself, and the position of secretary of the committee should be held by the secretary of the Board.

Complies

Complies Partially

Explain

Not Applicable X

38. That the Board of Directors should always be made aware of the matters discussed and of the decisions adopted by the executive committee and that all of the members of the Board should receive a copy of the minutes of the meetings of the executive committee.

Complies Complies Partially Explain Not Applicable X

39. That the members of the Audit Committee and, particularly, its Chairman, be appointed by taking into account their knowledge and experience in the field of accounting, auditing or risk management, and that the majority of such members be independent directors.

Complies Complies Partially X Explain

Of the five members comprising the Audit Committee, only the two legally required have the status of independent directors. With the current composition of the Board, it is impossible to include additional directors, since the company only has two independent directors.

40. That, under the supervision of the Audit Committee, a unit be arranged to assume the internal audit function, oversee the proper operation of the information and internal control systems and depend functionally on the non-executive Chairman of the Board or the Chairman of the Audit Committee.

Complies X Complies Partially Explain

41. That the person responsible for the unit that takes up the internal audit function submit to the Audit Committee the unit's annual work plan, report directly on any incidents arising in the implementation of the plan and submit an activity report at the end of each financial year.

Complies X Complies Partially Explain Not Applicable

42. That, in addition to the duties stipulated in the law, the Audit Committee should perform the following functions:

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

- a) Supervise the preparation process and the integrity of the financial information relating to the company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the adequate delimitation of the scope of consolidation and the proper application of the accounting principles.
- b) Oversee the independence of the unit that takes up the internal audit function, propose the selection, appointment, reelection and removal of the person responsible for the internal audit service; propose the budget for this service, approve the orientation and work plans, ensuring that its activity is focused mainly on the company's significant risks; receive regular reporting by the unit on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that will enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they may detect within the company.

2. In relation to the external auditor:

- a) In the event that the external auditor decides not to continue, examine the circumstances leading to such decision.
- b) Ensure that the remuneration of the external auditor for the audit work does not compromise the auditor's quality or independence.
- c) Supervise to ensure that the company reports the change of auditor to the CNMV as a

significant event and attach a statement on possible existence of disagreements with the outgoing auditor and, if any did exist, the content thereof.

- d) Ensure that the external auditor holds a yearly meeting with the plenum of the Board of Directors to inform about the work performed and the evolution of the accounting situation and of the company's risks.
- e) Ensure that the company and the external auditor abide by the current rules on the provision of services other than audit services, the limits to the concentration of the auditor's business and, in general, all other rules and regulations on the independence of the auditors.

Complies

Complies Partially X

Explain

In relation to the establishment and supervision of a mechanism to enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may detect within the company, this function is entrusted in Codere S.A. to the Compliance Committee (art. 15 of the Rules of Procedure of the Board of Directors).

According to the Rules of Procedure of the Board of Directors of Codere S.A., the functions of the Audit Committee do not include the duty of ensuring that the external auditor holds a yearly meeting with the plenum of the Board to inform about the work performed and the status of the accounting situation and the company's risks. Notwithstanding the foregoing, on each of the occasions when the external auditor appears before the Audit Committee, the Chairman of the Committee informs the Board of Directors about its conclusions during the forthcoming meeting of the Board.

43. That the Audit Committee may call upon any employee or manager of the company to appear before it and even determine that they must appear without the presence of any other manager.

Complies X

Complies Partially

Explain

44. That the Audit Committee be informed about the transactions for structural and corporate changes planned by the company to enable it to prepare a preliminary report for the Board of Directors concerning the economic conditions and the accounting impact of such changes and, particularly, when applicable, on the swap equation proposed.

Complies X

Complies Partially

Explain

Not Applicable

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

- a) The different types of risk, both financial and non-financial (the operating, technological, legal, social, environmental, political and reputational risks, among others), to which the company is exposed, including among the financial or economic risks, the contingent liabilities and other off-balance-sheet risks.
- b) The determination of the level of risk that the company considers acceptable.
- c) The measures planned for mitigating the impact of the risks identified, in the event that they eventually materialize.
- d) The information and internal control systems to be used for controlling and managing such risks, including the contingent liabilities or off-balance-sheet risks.

Complies X

Complies Partially

Explain

46. That under the direct supervision of the Audit Committee or, as the case may be, of a specialized committee of the Board of Directors, there be an internal risk control and management function performed by a unit or internal department of the company which is expressly entrusted with the following duties:

- a) Ensure the proper operation of the risk control and management systems and, in particular, that all of the major risks affecting the company are adequately identified managed and quantified.
- b) Participate actively in the drawing-up of the risk strategy and in the important decisions on risk management.
- c) Exercise oversight to ensure that the risk control and management systems adequately mitigate the risks in the framework of the policy defined by the Board of Directors.

Complies X

Complies Partially

Explain

47. That the members of the Appointments and Compensation Committee –or of the Appointments Committee and the Compensation Committee, if separate- be appointed by considering the extent to which they have the knowledge, skills and experience necessary for the discharge of the duties they are destined to undertake and that the majority of such members be independent directors.

Complies

Complies Partially

Explain X

The Corporate Governance Committee only has one independent director among its members. With the entry into force of Act 31/2014, amending the Companies Act, for the improvement of corporate governance, two of the members of the Committee, who had the status of independent directors, lost that status on account of having served as directors for more than 12 years. The company, considering the restructuring process in which it was involved, decided not to address changes in the composition of the Committee, since it envisioned that the composition of the Board would be changed during the 2015 financial year and it expected to adapt the composition of the Committee at that time. However, unforeseen delays in the restructuring process have meant that 2015 concluded without the introduction of changes in the structure of the Board and, therefore, without the adaptation of the composition of the Committee, which is planned for the first half of 2016.

48. That companies with high capitalization have separate appointments and compensation committees.

Complies

Explain

Not Applicable X

49. That the Appointments Committee consult the Chairman of the Board of Directors and the company's chief executive, particularly when issues relating to the executive directors are involved.

And that any of the directors may request the Appointments Committee to take into consideration potential candidates for filling directorship vacancies in the event that the Committee may find them suitable.

Complies X

Complies Partially

Explain

50. That the Appointments Committee perform its functions independently and that, in addition to the functions attributed to it by the law, the Committee be entrusted with the following duties:

- a) Propose to the Board of Directors the basic terms & conditions of the contracts with senior management staff.
- b) Verify observance of the remuneration policy established by the company.
- c) Review on a regular basis the compensation and remuneration policy applied to the directors and senior managers, including the remuneration schemes through shares and the application thereof, as well as guarantee that their individual remuneration is in proportion to that paid to the rest of the directors and senior managers of the company.
- d) Exercise oversight to ensure that possible conflicts of interest will not prejudice the independence of the external consultancy provided to the Committee.

- e) Verify the information on the compensation of the directors and the remuneration of senior managers in the various corporate documents, including the annual report on the compensation received by the directors.

Complies

Complies Partially X

Explain

Although the Corporate Governance Committee does not have some of the functions indicated here attributed expressly to it, the fact is that in practice the Committee deals with these matters.

51. That the Compensation Committee consult the Chairman and the company's chief executive, particularly when issues relating to the executive directors and senior managers are involved.

Complies X

Complies Partially

Explain

52. That the rules determining the composition and functioning of the supervision and control committees appear in the Rules of Procedure of the Board of Directors and that they be consistent with those applicable to the legally mandatory committees in accordance with the preceding recommendations, including:

- a) That they be composed exclusively by non-executive directors, with a majority of independent directors.
- b) That their Chairmen be independent directors.
- c) That the Board of Directors appoint the members of the committees by keeping in mind the knowledge, skills and experience of the directors and the tasks entrusted to each committee, deliberate on their proposals and reports, and that the committees report on their activity and account for the work performed at the first plenum of the Board subsequent to their meetings.
- d) That the committees be able to seek external consultancy whenever they consider it necessary for the discharge of their duties.
- e) That minutes of their meetings be prepared, and that such minutes be made available to all of the directors.

Complies

Complies Partially

Explain

Not Applicable X

53. That the supervision of the observance of the rules of Corporate Governance, of the internal codes of conduct and of the corporate social responsibility policy be attributed to a single committee or be distributed among several Board committees, such as the audit, the appointments, the corporate social responsibility committee, if there is one, or a specialized committee which the Board of Directors, in the exercise of its powers of self-organization, may decide to create for this purpose, to which the following minimum functions are specifically attributed:

- a) The supervision of compliance with the company's internal codes of conduct and corporate governance rules.
- b) The supervision of the company's communication strategy and relations with shareholders and investors, including the small and medium-sized shareholders.
- c) The assessment on a regular basis of the suitability of the company's corporate governance system, for the purpose of having it fulfill its mission of promoting the company's interest and take into account, as appropriate, the legitimate interests of the rest of the stakeholders.
- d) The review of the company's corporate responsibility policy, ensuring that it is geared to value creation.
- e) The monitoring of the strategy and practices of corporate social responsibility and an evaluation of the degree of compliance.

- f) The supervision and assessment of the processes of relations with the various stakeholder groups.
- g) The assessment of all aspects associated with the company's non-financial risks –including the operating, technological, legal, social, environmental, political and reputational risks.
- h) The coordination of the process for the reporting of the non-financial information and on diversity, in accordance with the applicable regulations and the relevant international standards.

Complies

Complies Partially X

Explain

The Company has entrusted the Corporate Governance Committee with the functions described in letter a) and the Audit Committee with the functions contained in letter g).

The duties set out in the rest of the letters are not expressly attributed to any of the Committees set up by the Board of Directors.

54. That the corporate social responsibility policy include the principles or commitments which the company voluntarily assumes in its relations with the various stakeholder groups and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of instruments of support.
- b) The corporate strategy relating to sustainability, the environment and social issues.
- c) The specific practices in the context of issues in relation to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the specific practices indicated in the preceding letter, the associated risks and the management thereof.
- e) The mechanisms for the supervision of non-financial risks, ethics and business conduct.
- f) The channels of communication, participation and dialog with stakeholders.
- g) The practices of responsible communication to prevent the manipulation of information and to protect the integrity and good name of the stakeholders.

Complies

Complies Partially

Explain X

The Rules of Procedure of the Board of Directors establish the approval of the corporate social responsibility policy as belonging to the exclusive competence of the Board. During the 2015 financial year, the Corporate Governance Committee commenced the work necessary for proposing a Corporate Social Responsibility Policy to the Board that takes in and systematizes all of the activities which the company and its group have already been carrying out in this scope, either directly or through the Codere Foundation, although to date, such work has not been concluded and, therefore, a proposal has not been brought before the Board of Directors for approval.

55. That the company report on the matters associated with corporate social responsibility in a separate document or within the management report, using any of the internationally accepted methodologies for this purpose.

Complies

Complies Partially

Explain X

Given that the company has not yet defined its Corporate Social Responsibility Policy, no annual report has been prepared in this regard.

56. That the compensation of the directors be on a level capable of attracting and retaining directors with the desired profile and for rewarding the dedication, qualification and responsibility demanded by the office, but not so high as to compromise the independence of judgment of the non-executive directors.

Complies X

Explain

57. That the variable compensation tied to the returns obtained by the company and to personal performance be circumscribed to the executive directors, as well as the remuneration through shares, stock options or rights on shares or instruments referenced to the share price, as well as long-term savings schemes such as pension plans, retirement schemes or other schemes of a similar nature.

The handover of shares as compensation for the non-executive directors may be considered if this is conditioned to the requirement that such shares must be held up to the time when the directors leave office. The foregoing will not apply to the shares which a director may have to sell, if such is the case, in order to meet the costs associated with their acquisition.

Complies

Complies Partially

Explain X

The executive directors receive no kind of variable compensation whatsoever, tied to the returns obtained by the company or to their own personal performance.

58. That in the event of variable compensation, the remuneration policies should include the limits and the technical precautions necessary to ensure that such remunerations are in line with the professional performance of their beneficiaries and do not derive solely from the general performance of the markets or of the company's business sector or other similar circumstances.

And, in particular, that the variable components of the compensation:

- a) Be tied to performance criteria that are predetermined and measurable and that such criteria take into consideration the risk assumed for the attainment of an outcome.
- b) Promote the sustainability of the company and include non-financial criteria which are appropriate for the creation of value in the long term, as well as compliance with the rules and the internal procedures of the company and its risk control and management policies.
- c) Be developed on the basis of a balance between the attainment of objectives in the short, medium and long term that will make it possible to remunerate output through continuing performance during a sufficient period of time in order to evidence sustainable value creation, so that the elements for the measurement of such output do not revolve solely around once-off, occasional or extraordinary events.

Complies

Complies Partially

Explain

Not Applicable X

59. That the payment of a significant portion of the variable components of the compensation be deferred for a minimum period of time, sufficient to enable verification that the performance conditions previously established have been met.

Complies

Complies Partially

Explain

Not Applicable X

60. That the compensation tied to the company's results take into account the possible qualified opinions that may appear in the external auditor's report and reduce such results.

Complies

Complies Partially

Explain

Not Applicable X

61. That a significant percentage of the variable compensation of the executive directors be tied to the handover of shares or of financial instruments referenced to the share price.

62. That, once the shares or the stock options or rights on shares corresponding to the remuneration schemes have been allocated, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed compensation, nor may they exercise the stock options or rights until a period of at least three years has transpired since their allocation.

The foregoing will not apply to the shares which the director may have to sell, if such is the case, in order to meet the costs associated with their acquisition.

63. That the contractual agreements include a clause that will enable the company to claim the reimbursement of the variable components of the compensation, whenever the payment has not been in line with the performance conditions or whenever such components have been paid on the basis of information found to be inaccurate at a later date.

64. That the payments arising from the termination of the contract not exceed an established amount equivalent to two years of the total annual compensation and that such amount not be paid until the company has been able to verify that the director has met the previously established performance criteria.

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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.

increase was approved in the amount of four hundred and ninety-four million nine hundred and thirty-five thousand six hundred and eighteen euros and twenty cents (494,935,618.20.-€), which was paid in through the offsetting of loans, the completion of which is pending fulfillment of certain resolutive conditions relating to the implementation of the restructuring process. The increase is expected to take place in the first half of 2016.

Regarding sub-paragraph A.3., it should be noted that in the context of a reorganization of family wealth, on 22 December 2014 Ms. Encarnación Martínez Sampedro acquired shares in Mabloem Ontwikkeling BV (sole shareholder of Masampe Holding BV) thereby holding 55% of the share capital, with the remaining 45% owned by Mr. José Antonio Martínez Sampedro. On the same date Ms. Encarnación Martínez and José Antonio Martínez signed an irrevocable power of attorney (in that the equity interest of Ms. Encarnación Martínez equalled more than 50% of the share capital of Mabloem Ontwikkeling BV) pursuant to which Mr. José Antonio Martínez Sampedro would be able to freely and permanently, and in the absence of specific instructions, exercise the voting rights held by Ms. Encarnación Martínez in Mabloem Ontwikkeling BV

Regarding sub-paragraph A.10. it should be noted that during the Lock up period we have issued the significant events statement numbers 211.103 and 211.116, informing that certain shareholders have promised and agreed with the representatives of the bondholders not to sell the shares held thereby to third parties during the term of the said lock up agreement.

In relation to the questions raised concerning the Corporate Bylaws and the Rules of Procedure of the General Meeting, it should be noted that in December 2015, the General Meeting of Shareholders passed a resolution for the amendment of certain articles of these texts, although at 31 December 2015, these amendments had not been introduced, due to the fact that the resolutive conditions agreed had not yet been met. The amendment of these texts, together with the amendment of the Rules of Procedure of the Board of Directors (the effectiveness of which is also subject to a resolutive condition) will take place in January or February 2016.

Regarding sub-paragraph C.1.2. please note that the date of first appointment of Mr. Joseph Zappala reported on 20/11/2002, corresponds to the first occasion he was appointed Director of Codere S.A. However, on 31 August 2004 Mr. Zappala resigned from his position as Director, and was not re-appointed Director until 21 June 2005. Since then he has been a Director of Codere SA continuously.

Regarding sub-paragraph C.1.15. note that the amount referred includes the remuneration received by the Directors José Antonio Martínez, Ms. Encarnación Martínez and Javier Martínez, for the performance of their duties.

Regarding sub-paragraph C.1.29. indicate that on an additional occasion (13 October 2014) to the 23 meetings, the Board adopted resolutions in writing without a meeting.

Regarding sub-paragraph C.1.38., it should be noted that the audit report contained no reservations or qualified opinions, but did include an emphasis-of-matter paragraph with respect to the financial restructuring process undertaken by the company.

Regarding sub-paragraph C.1.45, it should be noted that the value of the compensation of the four contracts listed in the answer to this question, if applicable, at 31 December 2015 totals 1.1 million euros. 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 four beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, three 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 fourth was duly authorized during the year 2011.

In relation to sub-paragraph C.2.1., note that in order to comply with the legally enforceable composition of the Audit Committee in accordance with Law 31/2014, at the meeting of the Board held on 22 January 2015, it was agreed to appoint the independent director Mr. Juan Junquera Temprano as a member of the Audit Committee to meet a minimum of two independent directors that must exist in this committee. Nevertheless, until 24 December 2014 the composition of the Audit Committee has complied with that legally established.

Additionally, in relation to sub-paragraph C.2.1, 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 sub-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 SCP Abogados, of which said Director is Managing Partner.

Regarding sub-paragraph the D.5., note that the reported balance of transactions with other related parties, includes a receivable from the company Promobowling S.A., that, given the situation of bankruptcy the debtor, has been duly provisioned.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on 25/02/2016.

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

Yes ☐

No ☒