

**IDENTIFYING DATA OF THE ISSUER**

Year end date : 31/12/2018

Tax ID: A-82110453

Corporate Name:

**CODERE, S.A.**

Registered Office:

AVENIDA DE BRUSELAS, 26 (ALCOBENDAS) MADRID

## A. OWNERSHIP STRUCTURE

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

Date of most recent change	Share Capital (€)	Number of shares	Number of voting rights
16/10/2017	509,714,801.80	118,538,326	118,538,326

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.

Shareholder name or corporate name	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
ACPII EUROPE S.A.R.L.	7.06	0.00	0.00	0.00	7.06
ALDEN GLOBAL OPPORTUNITIES MASTER FUND L.P.	1.84	0.00	0.00	0.00	1.84
DAVID ABRAMS	0.00	8.79	0.00	0.00	8.79
EDWARD ARNOLD MULE	0.00	23.36	0.00	0.00	23.36
JON R. BAUER	0.00	7.27	0.00	0.00	7.27
DEBT INVESTMENT OPPORTUNITIES III DESIGNATED ACTIVITY COMPANY	0.00	5.24	0.00	0.00	5.24
M&G DEBT OPORTUNITIES FUND II LIMITED	0.00	3.35	0.00	0.00	3.35
PRUDENTIAL PLC	0.00	20.97	0.00	0.00	20.97
TURNPIKE LIMITED	1.99	0.00	0.00	0.00	1.99
VR GLOBAL PARTNERS L.P	2.48	0.00	0.00	0.00	2.48
SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	21.79	0.00	0.00	0.00	21.79
EVERMORE GLOBAL ADVISORS LLC	0.00	5.24	0.00	0.00	5.24

Shareholder name or corporate name	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
DEBT INVESTMENT OPPORTUNITIES IV DESIGNATED ACTIVITY COMPANY	0.00	6.57	0.00	0.00	6.57

Details of indirect interests:

Name or corporate name of indirect owner	Name or corporate name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights
No data				

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

Most significant movements
<ul style="list-style-type: none"> <li>- The company Prudential PLC has increased its stake in the share capital from 10.743% to 20.968% (this movement is produced, among other reasons, by the entry in the share capital of the company Debt Investment Opportunities IV Designated Activity Company, which during the year 2018 has reached 6,566% of indirect vote in Codere S.A.).</li> <li>- Alden Global Opportunities Master Fund LP has reduced its shareholding from 3,488% to 1,842%.</li> <li>- The company Turnpike Limited has reduced its shareholding from 2,235% to 1,995%.</li> </ul>

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

Name or corporate name of the directors	% voting rights attributed to the shares		% voting rights through financial instruments		Total % of voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	0.01	14.06	0.00	0.00	14.07	0.00	0.00
Mr. LUIS JAVIER MARTÍNEZ SAMPEDRO	1.68	0.00	0.00	0.00	1.68	0.00	0.00
Mr. NORMAN RAUL SORENSEN VALDEZ	0.06	0.00	0.00	0.00	0.06	0.00	0.00
Mr. MATTHEW CHARLES TURNER	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Mr. MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	0.01	0.01	0.00	0.00	0.02	0.00	0.00
Total % of voting rights held by the Board of Directors						15.87	

Details of indirect interests:

Name or corporate name of the directors	Name or corporate name of the direct owner	% voting rights attributed to the shares	% voting rights through financial instruments	Total % of voting rights	% voting rights that <u>can be transmitted</u> through financial instruments;
Mr. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE, S.L.	14.06	0.00	14.06	0.00
Mr. MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	LESNAM LTD	0.01	0.00	0.01	0.00

**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, except those included in section A.6.:

Name of related parties	Type of relation	Brief description
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO, LUIS JAVIER MARTÍNEZ SAMPEDRO	Family	José Antonio Martínez Sampedro and Luis Martínez Sampedro are brothers.
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO, MASAMPE, S.L.	Corporate	José Antonio Martínez controls the company Masampe S.L.
DAVID ABRAMS, ACPII EUROPE S.A.R.L.	Contractual	David Abrams is the majority owner of Abrams Capital Management, which in turn controls and is the general partner of Abrams Capital Management LP. Abrams Capital Management LP has the right to exercise the voting rights in Codere as the investment manager of several funds, among, which only ACPII Europe S.A.R.L. exceeds the thresholds established in Royal Decree 1362/2007.
EDWARD ARNOLD MULE, SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Contractual	Edward A. Mule controls the company Silver Point Capital Management LLC, which in turn controls the company Silver Point Capital L.P. to whom the voting rights corresponding to the shares of Codere S.A. owned by Silver Point Luxembourg Platform S.a.R.L. have

Name of related parties	Type of relation	Brief description
		been assigned (direct shareholder of Codere S.A.).
PRUDENTIAL PLC, DEBT INVESTMENT OPPORTUNITIES III DESIGNATED ACTIVITY COMPANY	Contractual	Prudential Plc is the majority shareholder of the M&G Group, which in turn is the majority shareholder of M&G Limited, which in turn is the majority shareholder of M&G Investment Management Limited. The latter has the right to exercise the voting rights in Codere S.A., as a result of being the investment manager of several funds, among which Debt Investment Opportunities III Designated Activity Company, Debt Investment Opportunities IV Designated Activity Company and M&G Debt Opportunities Fund II Ltd hold voting rights that cross the thresholds established in Royal Decree 1362/2007.
PRUDENTIAL PLC, DEBT INVESTMENT OPPORTUNITIES IV DESIGNATED ACTIVITY COMPANY	Contractual	Prudential Plc is the majority shareholder of the M&G Group, which in turn is the majority shareholder of M&G Limited, which in turn is the majority shareholder of M&G Investment Management Limited. The latter has the right to exercise the voting rights in Codere S.A., as a result of being the investment manager of several funds, among which Debt Investment Opportunities III Designated Activity Company, Debt Investment Opportunities IV Designated Activity Company and M&G Debt Opportunities Fund II Ltd hold voting rights that cross the thresholds established in Royal Decree 1362/2007.
PRUDENTIAL PLC, M&G DEBT OPPORTUNITIES FUND II LIMITED	Contractual	Prudential Plc is the majority shareholder of the M&G Group, which in turn is the majority shareholder of M&G Limited, which in turn is the majority shareholder of M&G Investment Management Limited. The latter has the right to exercise the voting rights in Codere S.A., as a result of being the investment manager of several funds, among which Debt Investment Opportunities III Designated Activity Company, Debt Investment Opportunities IV Designated Activity Company and M&G Debt Opportunities Fund II Ltd hold voting rights that cross the

Name of related parties	Type of relation	Brief description
		thresholds established in Royal Decree 1362/2007.

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

Name of related parties	Type of relation	Brief description
MASAMPE, S.L.	Corporate	Masampe S.L. significant shareholder of the company, is also a Director of Codere S.A.

**A.6.** Describe the relationships, unless they are scarcely relevant for the two parties, that exist between the significant shareholders or those represented on the Board of Directors and the directors, or their representatives, in the case of legal entity administrators.

Explain, where appropriate, how significant shareholders are represented. Specifically, indicate those directors who have been appointed on behalf of significant shareholders, those whose appointment would have been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of Board members, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant stakes in the listed company or in entities of the group of such significant shareholders:

Name or corporate name of the linked director or representative	Name or corporate name of the linked significant shareholder	Company name of the group company of the significant shareholder	Description relationship/position
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE, S.L.	MASAMPE, S.L.	José Antonio Martínez Sampedro is the largest shareholder and controls the significant shareholder Masampe S.L. Additionally, the shareholders agreements signed by the Company on 6 April 2016, are included in section 4.1. "Formation of the Board" the persons who were to form the Board of Directors, establishing that Mr. José Antonio Martínez Sampedro would be a director, at the request of

Name or corporate name of the linked director or representative	Name or corporate name of the linked significant shareholder	Company name of the group company of the significant shareholder	Description relationship/position
			the so-called "Key Executives Parties".
DAVID ANTHONY REGANATO	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Pursuant to the shareholders' agreements signed by the company on 6 April 2016, art. 4.1. "Board Formation", Mr. David Reganato was appointed Director of Codere S.A. at the proposal of the "First Investor Shareholder", the company Silver Point Luxembourg Platform S.A.R.L..
TIMOTHY PAUL LAVELLE	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Pursuant to the shareholders' agreements signed by the company on 6 April 2016, art. 4.1. "Board Formation", Timothy Lavelle was appointed Director of Codere S.A. at the proposal of the "First Investor Shareholder", the company Silver Point Luxembourg Platform S.A.R.L..
MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Pursuant to the shareholders' agreements signed by the company on 6 April 2016, art. 4.1. "Board Formation", Manuel Martínez-Fidalgo Vázquez was appointed director of Codere S.A. at the joint proposal of the "First Investor Shareholder" (Silver Point Luxembourg Platform SARL) and the "Second and Third Investor Shareholders" (Abrams Capital and M&G Investments).

Name or corporate name of the linked director or representative	Name or corporate name of the linked significant shareholder	Company name of the group company of the significant shareholder	Description relationship/position
LUIS JAVIER MARTÍNEZ SAMPEDRO	MASAMPE, S.L.	MASAMPE, S.L.	Pursuant to the shareholders' agreements signed by the company on 6 April 2016, art. 4.1. "Board Formation", Luis Javier Martínez Sampedro was appointed Director of Codere S.A. at the proposal of the "Key Executive Parties".
PÍO CABANILLAS ALONSO	MASAMPE, S.L.	MASAMPE, S.L.	Pío Cabanillas Alonso is the natural person representative of the Director and significant shareholder Masampe S.L. In accordance with the shareholder agreements signed by the company on 6 April 2016, art. 4.1. "Board Formation" was appointed at the proposal of the so-called "Key Executives Parties".

**A.7.** Indicate whether or not the company has been informed of any quasi-corporate agreement affecting it, pursuant to articles 530 and 531 of the Spanish Capital Companies Act. If so, briefly describe such pacts and list the shareholders related through the agreement:

☒ Yes  
☐ No

Parties to the quasi-corporate agreement	% of share capital affected	Brief description of the agreement	Expiration date of the agreement, if any
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO, SILVER POINT FINANCE LLC, LUIS JAVIER MARTÍNEZ SAMPEDRO, MASAMPE, S.L.	97.00	In connection with the agreement reached by the Company for the restructuring of the debt and the capital of the Group, the shareholders' agreements of 6 April 2016 (Relevant Event 237,456), duly communicated to the CNMV and published on the corporate website, was signed in order to regulate the relations between the	The quasi-corporate agreement does not contain an expiration date, although in clause 18 it establishes various causes for its termination.



Parties to the quasi-corporate agreement	% of share capital affected	Brief description of the agreement	Expiration date of the agreement, if any
		Company and its shareholders, including, among others, the principles of governance of the Company and the terms and conditions governing the transfer of shares and the exit mechanisms that could be activated at the time.	

The list that includes all the parties involved in the quasi-corporate agreements indicated is available to the public in the section "Quasi-Corporate Agreements" of the website [www.grupocodere.com](http://www.grupocodere.com), as well as in the Relevant Fact sent to the CNMV on 15 April 2016 (Schedule 1).

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:

On 12 January 2018, the Board of Directors agreed, after the dismissal of Mr. José Antonio Martínez Sampedro, to abandon the provisions of clauses 5.4. and 5.5. of the Regulations of the Board of Directors.

**A.8.** Indicate whether any natural or legal person exercises or is able to exercise control over the company pursuant to article 5 of the Spanish Securities Act. If so, identify said person:

☐ Yes  
☒ No

**A.9.** Complete the following tables regarding company treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
154,941		0.13

(\*) Held through:

Name or corporate name of the direct shareholder	Number of direct shares
No data	

Explain the significant variations during the year:

Explain the significant variations

What do you mean by significant variations?

**A.10.** 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 2018 approved point Five of the agenda, as follows:

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point four of the agenda of the General Meeting of Shareholders held on 27 June 2013, to authorize the Board of Directors, in accordance with applicable law, for the derivative acquisition, at any time and as often as Codere, S.A. deems advisable, either directly or through any of the subsidiaries of which it is the parent, of treasury stock, fully paid up, by means of purchase-sale or by any other legal title for valuable consideration.

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

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

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

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

**A.11.** Estimated free float:

	%
Estimated free float	12.04

Most of said free float is subject to the Shareholders' Agreement.

**A.12.** Indicate, if applicable, any legal or statutory restrictions in regard to the exercise of voting rights. In particular, indicate whether that are any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares on the market, as well as those authorization or prior notice systems that, over acquisitions or transfers of instruments of the company, will be communicated, are applicable by sectoral regulations.

☒ Yes

☐ No

Description of the restrictions

The Articles of Association contemplate under article 11 that "each share will be entitled to one vote, although in no case may the same shareholder, the companies belonging to the same group or those acting in concert with the previous, issue in a General Shareholders' Meeting a number of votes greater than those corresponding to shares that represent a percentage of 44% of the share capital, even when the number of shares held exceeds said percentage of the share capital, without prejudice to the provisions of article 527 of the Spanish Capital Companies Act.

This limitation does not affect the votes corresponding to the shares in respect of which a shareholder holds the representation as a consequence of the provisions of article 13 below, although, in relation to the number of votes corresponding to the shares of each represented shareholder, the previously established limitation shall also apply."

The Articles of Association do not include restrictions on the transfer of securities. However, the shareholder agreement mentioned in the answer to question A.6. in Chapter 10, establishes certain obligations between the parties regarding the transfer of the securities (obligation for the purchaser to adhere to the shareholders' agreement and the prohibition that before 1 January 2017 no person or group of people may concertedly have a proportional share of more than 44%).

**A.13.** 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.14.** Indicate whether the company has issued securities that are not traded on an EU regulated market.

☐ Yes  
☒ No

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

## **B GENERAL MEETING OF SHAREHOLDERS**

**B.1.** Indicate and, if applicable, detail, if there are differences with the minimum regime established in the Spanish Capital Companies Act with respect to the quorum for the constitution of the general meeting:

☐ Yes  
☒ No

**B.2.** Indicate and, if applicable, detail if there are differences with the regime established in the Spanish Capital Companies Act for the adoption of corporate resolutions:

☒ Yes  
☐ No

	Different qualified majority from that established under Article 201.2 in said Act in those cases specified in Article 194.1 thereof	Other cases of qualified majority
% established by the company for adoption of resolutions	50.10	50.10

The Articles of Association establish in article 21 that, in general, the resolutions will be taken by an absolute majority of the votes of the shareholders present or represented.

However, the following resolutions will be adopted by absolute majority of the votes corresponding to the totality of the shares in which the Company's share capital is divided (instead of an absolute majority of those present or represented established in the Capital Companies Act):

i) the agreements referred to in article 19 of the Articles of Association (increase or reduction of capital, any amendment to the Articles of Association, the issuance of bonds convertible into shares or that attribute to the bondholders a participation in the corporate profits, the elimination or limitation of the right of preferential acquisition of new shares, as well as the transformation, merger, spin-off or global assignment of assets and liabilities, and the transfer of domicile abroad) and ii) the approval of the annual accounts, the appointment of the auditors of accounts, the voluntary dissolution and liquidation and the reactivation of the company. In any case, the majority required for the exercise of the action of liability against the directors (article 238 of the Capital Companies Act), the quorum and the majority required for the purpose of the dissolution of the Company (article 364 of the Capital Companies Act) and also any other majority that has an imperative nature.

**B.3. Indicate the rules applicable to the amendment of the articles of association. In particular, indicate the majorities needed for the amendment of the articles of association 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 Articles of Association provides as follows: "... so that the Regular or Extraordinary General Meeting of Shareholders can validly agree on the increase or reduction of the capital, and, in general, any amendment to the Articles of Association, the issuance of convertible bonds or participation in corporate profits attributed to bondholders, the elimination or limitation of the right of preferential acquisition of new shares, as well as the transformation, merger, spin-off or global assignment of assets and liabilities and transfer of registered office abroad, shall require, on first call, the concurrence of shareholders, present or represented, who own at least 50% of the subscribed capital with the right to vote. At second call, the attendance of 25% of said capital shall suffice. This same provision is established in article 20.2 of the Regulations of the General Meeting of Shareholders of Codere S.A.

In addition, article 21 establishes that for resolutions for the amendment of the Articles of Association, the majority of the shares in which the Company's share capital is divided will be adopted by an absolute majority of the votes.

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 Articles of association".

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	
30/06/2016	19.49	20.60	0.00	43.45	83.54
Of which free float	3.42	0.10	0.00	0.01	3.53
10/11/2016	19.48	0.32	0.00	72.64	92.44
Of which free float	0.02	0.32	0.00	0.01	0.35
15/12/2016	19.46	0.16	0.00	69.85	89.47
Of which free float	0.00	0.11	0.00	0.01	0.13
11/05/2017	16.64	0.64	0.00	68.68	85.96
Of which free float	0.20	0.60	0.00	2.66	3.46
29/06/2017	16.51	0.63	0.00	75.34	92.48
Of which free float	2.33	0.58	0.00	0.02	2.93
16/10/2017	16.54	2.91	0.00	73.93	93.38
Of which free float	0.04	2.43	0.00	0.72	3.19
27/06/2018	15.77	2.43	0.00	66.10	84.30
Of which free float	0.01	2.43	0.00	0.70	3.14

**B.5.** Indicate whether at the general meetings held during the year there was any item on the agenda that, for any reason, has not been approved by the shareholders:

☒ Yes  
☐ No

Agenda items that have not been approved	% votes against (*)
During the meeting held on 27 June 2018, the shareholders Mr. José Antonio Martínez Sampedro, Mr. Luis Javier Martínez Sampedro and Masampe SL proposed a new agenda item to the Board (the exercise by the Company, of the corporate action of responsibility of article 238 of the Capital Companies Act) against the directors of the company Mr. Norman Raúl Sorensen Valdez, Mr. Matthew Turner, Mr. David Reganato, Mr. Timothy Lavelle, Mr. Manuel Martínez-Fidalgo Vázquez and against a former director of the company, Mr. Joseph Zappala. The vote against this proposed point during the Meeting was 66.19% of the capital present or represented.	N/A

(\*) If the non-approval of the point is for a cause other than the vote against, it will be explained in the text part and in the column of "% vote against" will be "n/a".

**B.6.** Indicate whether the Articles of Association contain any restriction regarding the minimum number of shares required in order to attend the General Meeting or remote voting:

☒ Yes  
☐ No

Number of shares required to attend the General Meeting	100
Number of shares required to vote remotely	100

**B.7.** Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution to another company of essential assets or other similar corporate operations, must be submitted for approval by the general meeting of shareholders:

☐ Yes  
☒ No

**B.8.** 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 Company's website is [www.grupocodere.com](http://www.grupocodere.com).

From this address clicking on the link named "Shareholders and Investors", multiple options are displayed, the link to this information is named "Corporate Governance". When you click on this link, you will find information about the Corporate Governance of Codere S.A., such as its Articles of Association, the rules of procedure of the General Meeting of Shareholders, the composition of the Board of Directors, the Regulations of the Board of Directors, and a specific one on General Meetings. In this tab, all the information related to the General Shareholders' Meeting held since the date of listing on the stock exchange, as well as information on the Electronic Shareholders' Forum, is published.

## C. ADMINISTRATIVE STRUCTURE OF THE COMPANY

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Articles of Association and the number set by the AGM:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the AGM	9

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

Name or corporate name of the directors	Representative	Category of the director	Position on the Board	Date of first appointment	Date of last appointment	Procedure for appointment
Mr. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO		Nominee	DIRECTOR	07/05/1999	25/06/2015	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
Mr. LUIS JAVIER MARTÍNEZ SAMPEDRO		Nominee	DIRECTOR	07/05/1999	25/06/2015	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
Mr. MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ		Nominee	DIRECTOR	28/04/2016	27/06/2018	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
MASAMPE, S.L.	Mr. PÍO CABANILLAS ALONSO	Nominee	DIRECTOR	07/05/2008	25/06/2014	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
Mr. NORMAN RAUL SORENSEN VALDEZ		Independent	CHAIRMAN.	28/04/2016	27/06/2018	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
Mr. DAVID ANTHONY REGANATO		Nominee	DIRECTOR	28/04/2016	27/06/2018	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS

Name or corporate name of the directors	Representative	Category of the director	Position on the Board	Date of first appointment	Date of last appointment	Procedure for appointment
Mr. TIMOTHY PAUL LAVELLE		Nominee	DIRECTOR	28/04/2016	27/06/2018	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS
Mr. MATTHEW CHARLES TURNER		Independent	DIRECTOR	28/04/2016	27/06/2018	AGREEMENT ANNUAL GENERAL MEETING OF SHAREHOLDERS

Total number of directors	8
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Indicate the removals that, whether due to resignation, dismissal or for any other reason, have occurred in the Board of Directors during the period subject to information:

Name or corporate name of the directors	Category of the director at the time of termination	Date of the last appointment	Date of resignation	Specialized commissions of which he/she was a member	Indicate if the removal has occurred before the end of the mandate
Mr. JOSEPH ZAPPALA	Other External	25/06/2015	10/05/2018	Compliance Committee	YES

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

EXECUTIVE DIRECTORS		
Name or corporate name of the directors	Position in company organization chart	Profile
No data		



EXTERNAL NOMINEE DIRECTORS		
Name or corporate name of the directors	Name of significant shareholder which this director represents or which proposed the director's appointment	Profile
LUIS JAVIER MARTÍNEZ SAMPEDRO	LUIS JAVIER MARTÍNEZ SAMPEDRO	Member of the Codere Group from 1999 until 2018, and also Executive Director of Codere America. He holds a Degree in Economics and Business Studies from Complutense University of Madrid and an MBA from Instituto de Empresa Business School.
MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	ABRAMS CAPITAL MANAGEMENT LP	Manuel Martínez-Fidalgo Vázquez holds a degree in Economic and Business Sciences from the University of Oviedo. Master's Degree in Business Administration (MBA) from Duke University. Currently Mr. Manuel Martínez-Fidalgo Vázquez is Managing Director in the financial restructuring department at Houlihan Lokey. Prior to joining Houlihan Lokey Manuel Martínez Fidalgo was an Associate at Deutsche Bank, having also worked at Merrill Lynch and at Cajastur (current Liberbank)
DAVID ANTHONY REGANATO	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Mr. Reganato holds a degree in Finance and Accounting from Stern School of Business at the University of New York. He currently works as a Senior Investment Analyst at Silver Point Capital LP, an investment advisory firm he joined in November 2002 and has extensive experience as an advisor in the North American and Asian gambling market, media and medical equipment. Prior to joining Silver Point Capital LP Mr. Reganato worked in the Investment Banking division of Morgan Stanley.
TIMOTHY PAUL LAVELLE	SILVER POINT LUXEMBOURG PLATFORM S.A.R.L.	Mr. Lavelle holds a degree in Finance and Psychology from the University of Notre Dame. Mr. Lavelle currently works at Silver Point Capital LP, specializing in Investments in Special Situations, an investment advisory firm he joined in 2008, and has extensive experience as an advisor in the gaming market, medical equipment and real estate. Prior to joining Silver Point Capital LP, Mr. Lavelle worked for two years in the Investment Banking division of Credit Suisse Securities, LLC.
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	José Antonio Martínez-Sampedro, co-founder of Codere, had held the maximum executive position of the Codere Group for 20 years. From 2002 until January 2018, he was also the Chairman of the Board of Directors. Mr. Martínez Sampedro has a degree in Industrial Engineering from the Polytechnic University of Madrid.
MASAMPE, S.L.	JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	Mr. Pío Cabanillas Alonso is the natural person representative of Masampe SL on the Board of Directors of Codere S.A. Mr. Cabanillas holds a degree in Law from the Complutense University of Madrid, and a Master of Arts in Law and Diplomacy, from the Fletcher School of Law and Diplomacy (Tufts-Harvard). Mr. Cabanillas was General Director of Corporate Image and Marketing of Acciona from 2007 to 2016 and Minister spokesman of the government from 2000 to 2002.

Total number of external nominee directors	6
% of total Board	75.00

In accordance with the shareholders' agreement, Mr. Manuel Martínez-Fidalgo was also co-nominated by the shareholders Silver Point and M&G Investments.

EXTERNAL INDEPENDENT DIRECTORS	
Name or corporate name of the directors	Profile
NORMAN RAUL SORENSEN VALDEZ	Mr. Norman Raúl Sorensen Valdez holds a degree in Chemical Engineering from the US Air Force Academy (USAFA, Colorado Springs, Colorado), having studied a Program for Senior International Directors at the University of Columbia. In the past, Norman Raúl Sorensen Valdez served for 14 years as Chairman of the Board and Chief Executive Officer of Principal International, having previously held Senior Management positions at American International Group (NYSE: AIG) Citigroup and American Express.
MATTHEW CHARLES TURNER	Mr. Matthew Charles Turner holds a law degree in the United Kingdom. In the past Mr. Matthew Charles Turner served as Managing Director at Bank of America Merrill Lynch, in the International Global Private Equity division, and was previously the Director of Private Equity for Europe, Middle East & Africa at Merrill Lynch. He previously held senior management positions at Palamon Capital Partners and at PPM Ventures Ltd. Additionally, Mr. Turner has been a member of the Board of other companies dedicated to gaming such as the RAL Group, the Gala Group and the Moliflor Group.

Total number of independent directors	2
% of total Board	25.00

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.

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

Name of Director	Description of the relationship	Reasoned statement
NORMAN RAUL SORENSEN VALDEZ	No.	N/A
MATTHEW CHARLES TURNER	No.	N/A

OTHER EXTERNAL DIRECTORS
Identify the other external directors and describe the reasons why they cannot be considered nominee or independent and their links, either with the company, its directors, or its shareholders:

Name or corporate name of the directors	Reasons	Company, executive or shareholder maintaining the link	Profile
No data			

Total number of other independent directors	N/A
% of total Board	N/A

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

Name or corporate name of the directors	Date of change	Previous category	Current category
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	12/01/2018	Executive	Nominee
LUIS JAVIER MARTÍNEZ SAMPEDRO	12/01/2018	Executive	Nominee

C.1.4 Complete the following table with the information regarding the number of female directors at the close of the last 4 fiscal years, as well as the category of such directors:

	Number of female directors				% of total of each type of director			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Executive			N/A	1	0.00	0.00	N/A	10.00
Sunday papers			N/A	1	0.00	0.00	N/A	10.00
Independent			N/A		0.00	0.00	N/A	0.00
Other External			N/A		0.00	0.00	N/A	0.00
Total			N/A	2	0.00	0.00	N/A	20.00

Between January and April 2016 there was a female director, Ms. Encarnación Martínez Sampedro, with the category of executive.

C.1.5 Indicate whether the company has diversity policies in relation to the Board of Directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Auditing Law, will have to inform, at least, of the policy they have established in relation to gender diversity.

- ☐ Yes  
☐ No  
☒ Partial policies

If yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results in the exercise. The specific measures adopted by the Board of Directors and the appointments and remuneration committee should also be indicated in order to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why it does not.

**Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained**

The Board of Directors of Codere S.A. does not have a Diversity Policy. However, the objective pursued by the Policy of Selection of Directors currently in force and approved by the Board of Directors in November 2016, is that there is diversity in the composition of the Board in a broad sense of knowledge, experience, origin and gender.

During the 2018 fiscal year, the Appointments, Remuneration and Corporate Governance Committee has verified said Director Selection Policy, concluding that there is diversity in the broad sense within the Board, both as to the directors' origin, their age, and knowledge, although there is a lack of diversity in terms of gender and lack of compliance with the objective of women marked in the Policy, noting that this situation is partially motivated by the existence of a shareholder agreement, which largely determines the composition of the Board of Directors.

- 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 and that would allow achieving a balanced presence of females and males:

**Explanation of the measures**

The Regulations of the Board of Directors of Codere S.A. establish as an obligation of the Appointments, Remuneration and Corporate Governance Committee, to ensure that when new vacancies are filled in the Board, the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and for the Company to deliberately look for, and include among the potential candidates, women who meet the professional profile sought.

In this sense, The Regulations of the Board of Directors of the Company empowers the Appointments, Remuneration and 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. Additionally, it has the competence to establish a representation objective for the less represented gender on the Board of Directors and to elaborate guidelines on how to reach the objective.

In this context, the Appointments, Remuneration and Corporate Governance Committee analysed and reported favourably to the Board, on the Codere Selection Policy for Directors, approved at a meeting of the Board of Directors on 10 November 2016. This Policy establishes that gender and age diversity will be promoted as much as possible, and that the candidate selection process will always avoid, in any case, the existence of implicit biases that could lead to discrimination, with meritocracy as the main criterion and the search for the most suitable candidate for the position to be filled.

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



Explanation of reasons
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<p>The process of election and re-election of directors is detailed in a very precise manner in the shareholders' agreement signed by the company, making it difficult to modify the composition of the Board with respect to that initially agreed.</p>
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- C.1.7 Explain the conclusions of the appointments committee regarding the verification of compliance with the director selection policy. And in particular, on how this policy is promoting the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the Board of Directors.

<p>The Appointments Committee concluded that there is diversity in the broad sense within the Board, noting however the lack of compliance with the gender objective included in the Selection Policy, noting however that the combination of legal standards and the shareholders' agreement made it difficult to change the composition of the Board.</p>
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- 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:

Shareholder name or corporate name	Justification
No data	

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

- ☐ Yes  
☒ No

- C.1.9 Indicate, in the event that they exist, the powers and faculties delegated by the Board of Directors to Board members or Board committees:

Name or corporate name of the director or committee	Brief description
NORMAN RAUL SORENSEN VALDEZ	The Board mandated, instructed and empowered the Chairman of the Board in the broadest terms, so that, in the context of the filing of certain proceedings against the Company by certain shareholders, he could organize, decide, exercise and implement as he deems appropriate. for the corporate interest: i) the defence of the Company in relation to said procedures, as well as any others that may be filed by the same persons; ii) the exercise of any right or action that may correspond to the company against such persons or others related to them; iii) seek corporate legal advice to prevent and, where appropriate, mitigate the risk of litigation.

- C.1.10 Identify, if applicable, the members of the Board that assume positions of administrators, representatives of administrators or directors in other companies that are part of the group of the listed company:

Name or corporate name of the directors	Name of group company	Position	Has executive functions?
DAVID ANTHONY REGANATO	CODERE NEWCO S.A.U.	DIRECTOR	NO
MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	CODERE NEWCO S.A.U.	DIRECTOR	NO
MATTHEW CHARLES TURNER	CODERE NEWCO S.A.U.	CHAIRMAN	NO

Name or corporate name of the directors	Name of group company	Position	Has executive functions?
NORMAN RAUL SORENSEN VALDEZ	CODERE NEWCO S.A.U.	DIRECTOR	NO
TIMOTHY PAUL LAVELLE	CODERE NEWCO S.A.U.	DIRECTOR	NO

C.1.11 Detail, if applicable, the directors or representatives of directors who are legal persons of their company, who are members of the Board of Directors or representatives of legal persons of other companies listed on official securities markets other than their group, who have been communicated to the company:

Name or corporate name of the directors	Name of the listed company	Position
NORMAN RAUL SORENSEN VALDEZ	ENCORE CAPITAL GROUP INC	DIRECTOR
DAVID ANTHONY REGANATO	STUDIO CITY INTERNATIONAL HOLDINGS LTD	DIRECTOR
TIMOTHY PAUL LAVELLE	STUDIO CITY INTERNATIONAL HOLDINGS LTD	DIRECTOR

C.1.12 Indicate and, if applicable, explain if the company has established rules on the maximum number of company directors that can belong to your Board of Directors, identifying, where appropriate, where it is regulated:

[ ☒ ] Yes  
[ ☐ ] No

**Explanation of the rules and identification of the document where it is regulated**

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 Appointments, Remuneration and 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.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Total remuneration of the Board of Directors (thousands of euro)	1,154
Amount of the accumulated rights for the current directors in matters of pensions (thousands of euro)	



Amount of the rights accrued by the former directors on pensions (thousands of euro)	
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C.1.14 Identify any members of senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name or company name	Position
VICENTE DI LORETO	CHIEF EXECUTIVE OFFICER
ANGEL CORZO UCEDA	CHIEF FINANCIAL OFFICER
ALVARO DE ANSORENA CAO	DIRECTOR OF PEOPLE
SERAFÍN GÓMEZ RODRÍGUEZ	CHIEF SAFETY OFFICER
OSCAR IGLESIAS SANCHEZ	DIRECTOR OF CORPORATE DEVELOPMENT
ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
SAGRARIO FERNANDEZ BARBE	CHIEF LEGAL AND COMPLIANCE OFFICER
ALEJANDRO PASCUAL GONZALEZ	COO EUROPE
BERNARDO CHENA MATHOV	COO SOUTH AMERICA
CARLOS VILLASECA GARCIA	COO NORTH AMERICA
JUAN BAUTISTA ORDOÑEZ	COUNTRY MANAGER ARGENTINA
LUCAS RAUL ALEMAN HEALY	COUNTRY MANAGER PANAMA
FELIPE TORO ECHEVARRIA	COUNTRY MANAGER COLOMBIA
RODRIGO GONZALEZ CALVILLO	COUNTRY MANAGER MEXICO
GABRIEL GURMENDEZ	COUNTRY MANAGER URUGUAY
MOSHE EDREE	COO ONLINE
Total senior management compensation (thousands of euro)	
	5,341

C.1.15 Indicate whether any change has been made during the year in the rules of procedure of the Board:

[ v ] Yes  
[ ] No

Description of changes
<p>During fiscal year 2018, the Regulations of the Board of Directors have been modified twice:</p> <ul style="list-style-type: none"> <li>- At the meeting of 12 January 2018, it was agreed to modify certain articles of the Rules of Procedure of the Board in order to allow the separation of the positions of Chairman of the Board and of the Company's chief executive.</li> <li>- At the meeting of 19 October 2018, it was agreed to modify certain articles of the Rules of Procedure of the Board in order to include a definition of Senior Management, including the competence of the Audit Committee to manage conflicts of interest (up to that time, it was the competence of Appointments, Remuneration and Corporate Governance Committee) and to eliminate the possibility of incorporating into the meeting minutes written interventions sent within 24 hours after the end of the meeting.</li> </ul>





**C.1.16 Indicate the procedures for selection, appointment, re-election and resignation of directors. Detail the competent organs, the steps to be taken and the criteria to be employed in each procedure:**

The Rules of Procedure of the Board of Directors of the Company empower the Corporate Appointments, Remuneration and 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 Appointments, Remuneration and Governance Committee shall ensure that the selection procedures for new vacancies are implicitly unbiased against the selection of female directors. (Articles 1.12 and 16.2.I of the Rules of Procedure of the Board of Directors establish a representation objective for the less represented gender on the Board of Directors and prepare guidelines on how to achieve the objective.

Additionally, during 2016 the Board of Directors approved the Policy for the Selection of Directors, whose objective is to achieve an adequate balance within the diversity of the composition of the Board. This Policy establishes a series of general requirements for the candidates of the selection process, as well as the way in which the selection process will be carried out. The process of selecting or re-electing directors will be carried out by the Board of Directors, with the prior report of the Appointments, Remuneration and Corporate Governance Committee, based on an analysis of the needs of the Company and its Group.

After this analysis, the Appointments, Remuneration and Corporate Governance Committee begins the process of selecting candidates, in which the existence of implicit biases that could involve discrimination will always be avoided, with meritocracy as the main criterion for the search for the most suitable candidate for the position to be filled.

In each and every one of the selection processes at least as one female candidate will be included until the aforementioned target of 30% is reached in the year 2020.

**- Appointment:**

The appointment of the members of the Board of Directors corresponds to the General Meeting of Shareholders (Art. 24.1 of the Articles of Association), 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 Articles of Association).

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 Articles of Association) are prohibited from being directors or representing directors which are legal persons.

Furthermore, and in any event, the persons appointed as Directors are required to meet not only the conditions called for by law and the Articles of Association 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 Appointments, Remuneration and Corporate Governance Committee, in the case of Independent Directors, and after a report by the Appointments, Remuneration and 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 two years, being eligible for re-election for further terms of the same duration (Article 24.3 of the Articles of Association).

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 Appointments, Remuneration and Corporate Governance Committee (in the case of all other Directors).

**- Evaluation:**

Once a year, at the proposal of the Appointments, Remuneration and 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 based on the result thereof shall propose an action plan to correct any deficiencies noted. The result of the evaluation will be recorded in the minutes of the meeting (Article 12 of the Rules of Procedure of the Board of Directors).

**- Resignation:**

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

**C.1.17 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**

The results of the self-assessment carried out during the financial year 2018 gave rise to the following changes in the internal organization and applicable procedures:

- The competence over the conflicts of interest has been assumed by the Audit Committee, so that it is managed by the same Committee that has the competence in the management of related operations.
- The members of Senior Management have attended a greater number of meetings of the Board and the Audit Committee, in order that the Directors have an adequate knowledge of the functions and abilities of Senior Management, and a greater knowledge and perspective of the business.

Describe the evaluation process and the areas evaluated by the Board of Directors assisted, where applicable, by an external consultant, regarding the operation and composition of the Board and its committees and any other area or aspect that has been subject to evaluation.

**Description of the evaluation process and areas evaluated**

The evaluation process that the Board of Directors has carried out during 2018 has been carried out internally, and without the help of an external consultant.

The evaluation process begins with the sending of a test type questionnaire, which each director completes individually, and anonymously if so desired. The questionnaire was divided into 5 groups of questions: on the functioning of the Board (35 questions); the functioning of the Committees (8 questions); on the work of the Chairman and First Executive (17 questions); on the work of the Secretary of the Board (5 questions); and on the performance and work of each of the directors individually taken.

Upon receipt of the completed questionnaires, the conclusions are presented in a meeting of the Appointments, Remuneration and Corporate Governance Committee, which draws up a report proposal containing the result of the evaluation and proposes the Action Plan that corrects the deficiencies that may have been detected.

Both documents (evaluation report and action plan) are presented to the Board of Directors for, where appropriate, approval.

**C.1.18 Breakdown, in those years in which the evaluation has been assisted by an external consultant, the business relationships that the consultant or any company of its group maintains with the company or any company of its group.**

N/A

C.1.19 Indicate the cases in which directors are required to resign.

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

The Board shall not propose the resignation of any Independent Director prior to compliance with the statutory period for which said Director was appointed, unless the Board considers that there is just cause for so doing, after a report by the Corporate Governance Committee. In particular, just 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 or her from being classified as independent (art. 3.4 Rules of Procedure of the Board of Directors).

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

Directors are required to tender their resignation in those cases in which they may harm the trustworthiness and reputation of the Company (art. 3.6 Rules of Procedure of the Board of Directors). When, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explains the reasons in a letter to be sent to all of the members of the Board (article 3.7 of the Rules of Procedure of the Board of Directors).

C.1.20 Are reinforced majorities, other than the legal ones, required for any type of decision?

- ☐ Yes  
☒ No

Where applicable, describe the differences.

C.1.21 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

- ☐ Yes  
☒ No

C.1.22 Indicate whether the Articles of Association or the Rules of Procedure of the Board of Directors stipulate an age limit for directors:

- ☐ Yes  
☒ No

C.1.23 Indicate whether the Articles of Association or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:

- [ ] Yes  
[x] No

C.1.24 Indicate whether the Articles of Association or the Rules of procedure of the Board of Directors establish specific rules for the delegation of the vote in the Board of Directors in favour of other directors, the manner of doing so and, in particular, the maximum number of proxies that a director may issue, as well as if any limitation that has been established regarding the categories in which it is possible to delegate, beyond the limitations imposed by applicable 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 non-executive directors, which may only delegate their vote to another non-executive director.

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

Apart from the foregoing, there are no other rules on the delegation of votes.

C.1.25 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	

Indicate the number of meetings held by the coordinating director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	
--------------------	--

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

Number of meetings of the AUDIT COMMITTEE	11
Number of meetings of the COMPLIANCE COMMITTEE	7
Number of meeting of the APPOINTMENTS,	9

REMUNERATION AND CORPORATE  
GOVERNANCE COMMITTEE

Additionally, the Audit Committee has once adopted agreements in writing and without a meeting.

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data on the attendance of its members.

Number of meetings attended by at least 80% of the directors	11
% of absences with respect to total votes during the year	94.00
Number of meetings with face-to-face attendance, or representations made with specific instructions, of all the directors	12
% of votes cast with face-to-face attendance and representations made with specific instructions, on total votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts submitted for formulation 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
VICENTE DI LORETO	GENERAL MANAGER
ANGEL CORZO UCEDA	CHIEF FINANCIAL OFFICER

C.1.28 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 Articles of Association 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 channelled through the Audit Committee, shall conform to criteria of loyal collaboration and respect for their independence. It is endeavoured that the annual accounts drafted by the Board will be verified by the auditors without a qualified opinion. In the case whereby such qualified opinions are unavoidable, the Board, the Chairman of the Audit Committee and the auditors shall explain with clarity to the shareholders the content and scope of the reservations.

**C.1.29** Is the secretary of the Board of Directors a director?

- ☐ Yes  
☒ No

If the secretary does not have the condition of a director, complete the following table:

Name or corporate name of the secretary	Representative
LUIS ARGÜELLO ÁLVAREZ	

**C.1.30** Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

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 channelled 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 present 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)).

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

Lastly, annually, and prior to the issuance of the Audit Report on the annual accounts of the Company and its group, the external auditors firm submits a signed letter to the Audit Committee, stating that throughout the year they have complied with the independence standards required by the legislation in force.

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

Article 9.2 of the Internal Code of Conduct in the Securities Markets establishes that meetings of a general nature with analysts, investors or the media must be previously planned so that the persons participating in them do not disclose Inside Information that has not been previously disseminated to the market.

The investor relations department channels the communication with the institutional shareholders and financial analysts that cover the share and/or the Company's bonds, taking care that they are not given information that could suppose a situation of privilege or advantage for them, in relationship with the rest of the shareholders, and in compliance with the provisions of article 11 of the Internal Code of Conduct in the Securities Markets, which provides as prohibited conduct the recommendation that third parties conduct transactions (acquisitions, transmissions or assignments of the affected securities) with Inside Information or induce them to do so.

C.1.31 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:

- ☐ Yes  
☒ No

C.1.32 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 companies	Total
Amount of work other than auditing (thousands of euro)	76	633	709
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	26.79	30.96	30.45

C.1.33 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.1.34 Indicate the number of years that the current auditing firm has been auditing the individual and/or consolidated 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:



	Individual	Consolidated
Number of uninterrupted years	3	3

	Individual	Consolidated
Number of years audited by the current auditor firm / No. of years that the company has been audited (as a %)	65.00	65.00

C.1.35 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 the procedure

Article 12 of the Rules of Procedure of the Board of Directors of Codere, S.A. 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. The notice will be made with the necessary time so that the Directors receive it no later than the five days prior to the date of the meeting. The notice of a meeting shall at all times include the agenda of the meeting together with any written information deemed suitable as stipulated in these Regulations. When, exceptionally for reasons of urgency, the chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the Board of Directors, the prior and express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

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 (at least 24 hours in advance), and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.

Notwithstanding the foregoing, for those meetings of the Board of Directors in which the amendment of the Rules of Procedure is going to be discussed, Article 18 increases the aforementioned term, by stating that any proposal to amend the Rules of Procedure of the Board of Directors must be included in the agenda of the meeting to be submitted, which will be convened at least ten days in advance to facilitate its study and evaluation.

C.1.36 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

#### Detail of the procedure

Article 3.6 of the Rules of Procedure of the Board of Directors stipulates that Directors are required to resign in those cases which may harm the trustworthiness and reputation of the Company, and likewise to report to the Board any criminal action brought against them, as well as the subsequent procedural outcome. If a Director is prosecuted or is brought to trial for any of the crimes indicated in article 213 of the Capital

Companies Act, the Board will examine the case as soon as possible and in view of the specific circumstances, will decide whether or not the Director should remain in his post. The Board will report on the matter in the Annual Corporate Governance Report.

**C.1.37** Indicate whether any member of the Board of Directors has informed the company that he or she has been accused or ordered to stand trial for any of the crimes indicated in article 213 of the Capital Companies Act:

☐ Yes  
☒ No

**C.1.38** Detail the significant agreements entered into by the company and which will enter into force, be amended or concluded in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof.

1. Super senior revolving facilities agreement of 24 October 2016 in the amount of EUR 95,000,000. In the event of a change of control, any of the lenders may within certain deadlines, cancel their financing commitments under the credit agreement and declare expired all their loans and advances, together with the interest accrued, and any other amounts accrued to those that they were entitled to under the agreement. The Company shall have the right to replace any lender that chooses to cancel its financing commitments under the agreement and declare the amounts described above expired as long as it complies with a series of terms and requirements.

2. Issuance of bonds of 8 November 2016 in US dollars with maturity in 2021 and annual interest of 7.625% for EUR 300 million with maturity in 2021 and annual interest of 6.75% for 500 million. In the event of a change of control, each of the bondholders would have the right to demand the Issuer Codere Finance 2 Luxembourg S.A. (or the Guarantor Codere S.A. in the event that the latter made the purchase offer referred to below), the repurchase of all or part (in the bonds in dollars equal to \$200,000 or any multiple of \$1,000 in excess of said figure, in the bonds in euro equal to €100,000 or any multiple of €1,000 in excess of said figure) of the series of Bonds that corresponds to said holder pursuant to an offer (a "Control Change Offer") under the terms of the issuance contract. In the Control Change Offer, the Issuer or the Guarantor will offer a cash payment equivalent to 101% of the total amount of the corresponding series of repurchased Bonds, plus accrued and unpaid interest, and other additional amounts, if any, up to the date of purchase. The Issuer and the Guarantor will not be required to make a Control Change Offer in the event of a change of control (i) if a third party does so instead, provided the offer is made in accordance with the terms of the issuance agreement and said third party purchases all the Bonds duly offered and not withdrawn under the Change Control Offer, or (ii) prior to the change of control, the Issuer notified the amortization of all the Bonds in accordance with the terms of the issuance contract and subsequently proceeds to the amortization of all the Bonds in accordance with the provisions of said notification.

Additionally, there are another series of contracts with service providers, which consider the 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.1.39** Identify in an individualized manner, when referring to directors, and in an aggregate manner in the rest of the cases and indicate, in detail, the agreements between the company and its management and administration positions or employees that provide indemnities, clauses of guarantee or immunity, when they resign or are unfairly dismissed or if the contractual relationship comes to an end on the occasion of a public takeover or other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement

Senior Management	The two immunities correspond to 2 executives, one of which has an indemnity referred to his/her annual gross fixed remuneration plus his/her target variable, and the other to a net fixed amount.
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Indicate whether, beyond the cases stipulated in the regulations, these contracts have to be communicated and/or approved by the bodies of the company or its group. If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or making the communication:

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

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

## C.2. Committees of the Board of Directors

C.2.1 List all of the Committees of the Board of Directors, the Members, as well as the independent executives, and nominee members thereof:

AUDIT COMMITTEE		
Name	Position	Category
NORMAN RAUL SORENSEN VALDEZ	CHAIRMAN	Independent
MATTHEW CHARLES TURNER	MEMBER	Independent
TIMOTHY PAUL LAVELLE	MEMBER	Nominee

% of executive directors	0.00
% of nominee directors	33.33
% of independent directors	66.67
% other external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the Articles of Association or other corporate agreements.

The Audit Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors, at least two of them must be Independent.

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

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

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

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

In particular, the Audit Committee will have responsibilities in relation to the internal control and information systems, with the external auditor, inform the Board prior to the adoption of certain decisions and the Company's risk control and management policy (for more detailed information, see article 14 of the Rules of Procedure of the Board of Directors of Codere S.A.).

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

The Committee may request attendance at its meetings of the Company's auditor and the person responsible for the internal audit.

Regarding the most important actions during the year in relation to these functions, first indicate that the company makes available to the shareholders at the General Shareholders' Meeting, and through the corporate website, an annual performance report on the Audit Committee, where they can find a summary of the Committee's actions during the year. Having said this, and as a summary, during fiscal year 2018, the Audit Committee, in relation to its internal audit supervision tasks, has reviewed on a quarterly basis the main findings and recommendations of Internal Audit; In relation to the maintenance of relations with the external auditor, the external auditor has appeared on several occasions throughout the year to inform the Committee about the issuance of the audit report on the annual accounts, to confirm its independence or to present its recommendations in matters of internal control; In relation to its tasks on account information, the Committee has informed the Board in a timely manner regarding the annual, quarterly and semi-annual mandatory accounts, as well as about the operation of financing in the Alternative Fixed Income Market of one of the Group's subsidiaries.

Identify the members of the audit committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee in office.

Names of experienced directors	NORMAN RAUL SORENSEN VALDEZ / MATTHEW CHARLES TURNER
Date of appointment of the current Chair	10/05/2018

COMPLIANCE COMMITTEE		
Name	Position	Category

MATTHEW CHARLES TURNER	CHAIRMAN	Independent
MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ	MEMBER	Nominee
MASAMPE, S.L.	MEMBER	Nominee

% of executive directors	0.00
% of nominee directors	66.67
% of independent directors	33.33
% other external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the Articles of Association or other corporate agreements.

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

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

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

Without prejudice to any other task assigned to it by the Board of Directors, the Compliance Committee shall have the following powers:

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

Regarding the most important actions during the year in relation to these functions, first indicate that the company makes available to the shareholders at the General Shareholders' Meeting, and through the corporate website, an annual performance report on the Audit Committee, where they can find a summary of the Committee's actions during the year. Having said this, and as a summary, during the 2018 fiscal year the Compliance Committee has reviewed the Annual Report of the External Expert in Money Laundering and Terrorist Financing of the Codere Group, has studied the compliance situation of the directors or other senior executives for the purposes of their re-election or appointments and has presented the report and the risk matrices of the business units of the Codere group on money laundering and terrorist financing.

APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE		
Name	Position	Category
MATTHEW CHARLES TURNER	CHAIRMAN	Independent
NORMAN RAUL SORENSEN VALDEZ	MEMBER	Independent
MASAMPE, S.L.	MEMBER	Nominee
DAVID ANTHONY REGANATO	MEMBER	Nominee

% of executive directors	0.00
% of nominee directors	50.00
% of independent directors	50.00
% other external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, that this commission has attributed, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether in the law or in the articles of association or other corporate agreements.

The Appointments, Remuneration and Corporate Governance Committee shall consist of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of such Committee must be external Directors, and at least two of them independent Directors.

The Chair of the Appointments, Remuneration and Corporate Governance Committee shall be appointed from among the Independent Directors.

Without prejudice to any other task which the Company Board of Directors may assign them, the Appointments, Remuneration and Corporate Governance Committee shall have the following responsibilities:

- (a) Examine compliance with the Internal Rules of Conduct in relation to the Securities Markets and make any proposals required for the improvement thereof, and likewise supervise compliance with the rules of corporate governance applicable in said regard.
- (b) Submit the Corporate Governance Annual Report and the Report on Directors' Compensation Policy to the Board of Directors for approval thereby.
- (c) Make the proposals provided for under these Regulations, with respect to compensation payable to members of the Board of Directors.
- (d) Evaluate the necessary competences, knowledge and experience of the Board members, define, in consequence, the functions and aptitudes necessary in the candidates who must cover each vacancy and evaluate the time and dedication required to properly perform their duties; periodically evaluate the adequacy of the corporate governance system of the Company, with attention to the promotion of the corporate interest and in consideration of the legitimate interests of the different stakeholders.
- (e) Make proposals to the Board in relation to its functions - appointment or proposal - regarding the composition of the Board and its Committees and, in particular, proposals for the appointment of independent directors for appointment by co-option, or its submission to the decision of the Shareholders in General Meeting, as well as the proposals for the re-election or separation of said directors by the Shareholders in General Meeting; report the appointments of the other directors, for their designation by co-option or for submission to the decision of the shareholders in general meeting, as well as the proposals for their re-election or separation by the shareholders in general meeting.
- (f) Report on the appointments and dismissals of senior management proposed by the chief executive to the Board.
- (g) Inform the Board, whenever applicable, of the various matters provided for in article 1.12.
- (h) Formulate a proposal to the Board of Directors regarding the remuneration of executive directors, independent of those received as Directors in accordance with the Bylaws, as well as on the other terms of their contracts; examine and organise the succession of the Chairman of the Board of Directors and the chief executive of the Company, and propose to the Board of Directors a succession plan that ensures, if applicable, that it takes place under the terms ordered.
- (i) Propose to the Board the general compensation policy for senior management of the Company and its subsidiaries and affiliates, as well as senior management basic contract conditions.
- (j) Set guidelines and supervise action in regard to the appointment, selection, career development, promotion and dismissal of managers, in order for the Company to have the highly qualified personnel required for the management thereof.
- (k) Present proposals to the Board and prepare the examination of the matters which the Board must be informed of, in matters which are not the specific competence of any of the other Committees, whenever this is deemed necessary.
- (l) Establish a target for representation of the under-represented gender on the Board of Directors and develop guidance on how to achieve the goal.
- (m) Propose to the Board of Directors the remuneration policy for directors and general managers and those who perform senior management functions under the direct supervision of the Board or the CEO, as well as the individual remuneration and other contractual conditions of executive directors and ensuring compliance therewith.
- (n) Supervise and review the corporate social responsibility policy and practices of the Company, proposing to the Board of Directors the precise modifications in its structure and development to ensure its orientation to the creation of value; periodically evaluate the degree of compliance with these policies and practices.
- (o) Coordinate the process of reporting non-financial and diversity information and, in general, of any type not expressly entrusted to the other Committees.

Regarding the most important actions during the year in relation to these functions, first indicate that the company makes available to the shareholders at the General Shareholders' Meeting, and through the corporate website, an annual performance report on the Audit Committee,

where they can find a summary of the Committee's actions during the year. Having said this, and as a summary, during the financial year 2018 the Appointments, Remuneration and Corporate Governance Committee submitted to the Board the approval of both the Annual Corporate Governance Report and the Annual Remuneration Report of the Directors. Regarding the competence that this Committee has attributed to reporting the appointments of Senior Management proposed by the chief executive, the Committee has made reports on the appointments of the COO of the online business, and the Country Manager of Argentina and Colombia. Lastly, the Committee, in exercise of its powers, has also proposed to the Board, the modification of the Rules of Procedure of the Board of Directors.

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

	Number of female directors							
	2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE		0.00		0.00		0.00		0.00
COMPLIANCE COMMITTEE		0.00		0.00		0.00	1	20.00
APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE		0.00		0.00		0.00	1	20.00

**C.2.3** Indicate the existence, if any, of rules of procedure for the Board committees, the place where they are available for consultation and any changes made in them during the year. In turn, indicate whether any annual report in regard to the activities of each committee has been voluntarily drafted:

**AUDIT COMMITTEE**

The organization and operation of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors and under article 26 of the Articles of Association. The normative texts cited are available on the Codere website ([www.grupocodere.com](http://www.grupocodere.com)).

The Audit Committee prepares an annual report on the activities developed during the year, which is made available to shareholders on the occasion of the General Shareholders' Meeting.

**APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE**

The organization and operation of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are available on the Codere website ([www.grupocodere.com](http://www.grupocodere.com)).

The Appointments, Remuneration and Corporate Governance Committee prepares an annual report on the activities carried out during the year, which is made available to shareholders on the occasion of the General Shareholders' Meeting.

**COMPLIANCE COMMITTEE:**

The organization and operation of the Compliance Committee is regulated in detail under article 15 of the Rules of Procedure of the Board of Directors. The Rules of Procedure of the Board of Directors are available on the Codere website ([www.grupocodere.com](http://www.grupocodere.com)).

The Compliance Committee prepares an annual report on the activities developed during the year, which is made available to shareholders on the occasion of the General Shareholders' Meeting.



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#### D. RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

##### D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related parties and intra-group parties.

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 (Article 14.3.3.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 mass 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.

During fiscal year 2018, on a quarterly basis, the Audit Committee has been informed of the related-party transactions that have taken place if any, even though the aforementioned conditions have not been met.

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

Significant shareholder name or corporate name	Name or company name of the company or entity of your group	Nature of the relationship	Type of transaction	Amount (thousands of euro)
PRUDENTIAL PLC	CODERE NEWCO S.A.U.	Contractual	Financing agreements: loans	11,655

The companies Codere Newco S.A.U. and Alta Cordillera S.A. (both subsidiaries of the Codere Group) subscribed as Accredited, a credit agreement where the M&G Illiquid Credit Opportunities Fund Limited and M&G Illiquid Credit Opportunities Fund II Limited acted as Creditors, these companies being controlled by Prudential PLC.

##### D.3. List 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 or corporate name of the director or executive	Name or corporate Name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE S.A.U.	Executive director at the date of the transaction	Indemnities	2,113
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE NEWCO S.A.U.	Nominee director at the date of the transaction	Acquisition of tangible assets	5

Name or corporate name of the director or executive	Name or corporate Name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE NEWCO S.A.U.	Nominee director at the date of the transaction	Other	11
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	Executive director at the date of the transaction	Indemnities	1,187
LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE NEWCO S.A.U.	Nominee director of the parent company Codere, S.A. at the date of the transaction	Financing agreements: loans	1,090
PÍO CABANILLAS ALONSO	CODERE NEWCO S.A.U.	Nominee director of the parent company Codere S.A.	Provision of services	62
VICENTE DI LORETO	CODERE NEWCO S.A.U.	General Manager	Provision of services	2,091

- The contractual relationship for the provision of services takes place between the company of the Codere Group, Codere Newco S.A.U. and the company Pro TV S.A., a company in which Mr. Pío Cabanillas Alonso is a majority shareholder.
- Codere Newco is party of a consultancy services agreement, dated January 12, 2018, with Jusvil S.A., a Company in which Mr. Vicente Di Loreto holds a non-controlling stake.

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

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

Name of group company	Short description of operation	Amount (thousands of euro)
No data		N/A

**D.5.** Detail the significant transactions carried out between the company or entities of its group and with other related parties, which have not been informed in the previous sections:

Related party name or corporate name	Short description of transaction	Amount (thousands of euro)
PROMOBOWLING S.A.	The company or entities of its group have the amount indicated above, as a result of a contract subscribed in its day by the company Promobowling SA (a company related to the directors and shareholders Mr. José Antonio Martínez Sampedro and Mr. Luis Javier Martínez Sampedro) with Mahou S.A., from which commercial discounts were derived for the group's premises.	590
FRANCOMAR INVESTMENTS S.A.	During fiscal year 2018, Codere Newco S.A.U. subscribed a partial sublease with the company Francomar Investments S.A. (a company related to the directors and shareholders Mr. José Antonio Martínez Sampedro and Mr. Luis Javier Martínez Sampedro), amounting to 1260 euro per month.	15
FRANCOMAR INVESTMENTS S.A.	The company of Grupo Itapoan S.A. has among its shareholders Francomar Investments S.A. (a company related to the directors and shareholders Mr. José Antonio Martínez and Mr. Luis Javier Martínez) who hold 18.2% of the share capital. Itapoan SA leases to other companies of the Codere group, real estate for the exercise of its corporate activity. The amount indicated above corresponds to the dividends accrued and pending payment in favour of Francomar Investments S.A.	38

**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 Appointments, Remuneration and 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. However, in October 2018, after the Rules of procedure of the Board of Directors were modified, the jurisdiction over the conflicts of interest was entrusted to the Audit Committee.

Article 14.3.3.c establishes that it is the responsibility of the Audit Committee to inform the Board, prior to the adoption by the latter of the decisions reserved to it in accordance with the provisions of the Article 7.17 in relation to related-party transactions.

Additionally, Article 18 of Codere's Internal Code of Conduct in the Securities Markets establishes that the affected persons who may have access to privileged information must adapt their actions in relation to the conflict of interest in addition to the provisions of the aforementioned Regulation. to the provisions of the Rules of Procedure of the Board of Directors, insofar as they are applicable.

When a situation takes place which entails, or may potentially entail, a conflict of interest, the person subject to the Internal Code of Conduct in the Securities Market 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 Secretary or Deputy Secretary shall report this information to the Appointments, Remuneration and Corporate Governance Committee so that it can take appropriate decisions. Any doubt about the possible existence of a conflict of interests should be consulted with the Appointments, Remuneration and Corporate Governance Committee before adopting any decision that could be affected by said conflict of interest.

The Secretary or Deputy Secretary or the Board of Directors shall communicate the existence of the conflict of interest to the person or persons involved in the management of the situation or in the adoption of the decisions affected by said conflict.

The person subject to the Rules 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 event of a conflict of interest, and as a general rule derived from the duty of loyalty to the Company, the interest of the Company and its Group must prevail over that of the Affected Person.

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

☐ Yes

☒ No

## **E. RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1. Explain the scope of the Company's Risk Control and Management System, including those of a fiscal nature:**

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 AREA responsible for risk analysis, control and supervision; guarantee of the correct use of hedge instruments and assurance regarding adequate compliance with corporate governance rules and the values set out by the company in its Code of Ethics.

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

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

With respect to the tax risk management system, the Group's Board of Directors approved the Corporate Fiscal Policy of the Codere Group on 29 July 2015. Through this policy, the fiscal policies that govern the Group's way of acting are approved and published, adopting specific measures of tax risk management and implementing an appropriate system of internal control over fiscal aspects.

In addition, a specific procedures manual for fiscal management and control has been prepared, as well as the supervision of the Group's internal information and tax control systems.

Close collaboration is established with the Internal Audit Department so that the necessary controls for the supervision of compliance with the processes that allow the monitoring and control of fiscal risks are integrated into its action plan for each year.

### **E.2. Identify the organs of the company responsible for the development and implementation of the Risk Control and Management System, including tax matters:**

Article 7 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes a series of powers reserved by the Board of Directors in full, including the risk control and management policy, including fiscal ones, as well as the periodic 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 for the proper identification, management and dissemination of the principal risks. Lastly, the Board of Directors has conferred upon the Audit Committee (which in turn has delegated to the Internal Audit Management) the responsibility of periodically revising the risk control and internal control systems, for the proper identification, management and dissemination of the principal risks. Likewise, at least once a year the Audit Committee is required to report to the Board of Directors in regard to risk control and any malfunctions detected in the internal audit reports or in the exercise of its functions.

In addition, during 2015 the Board of Directors approved the Corporate Fiscal Policy of the Codere Group, which included the obligation of the Board to ensure compliance with the principles and rules contained in said Policy. Likewise, it was pointed out that it is through its Chief Executive Officer and its Senior Executives that the monitoring of said principles and good tax practices is promoted, with the support of the Audit Committee that will supervise the effectiveness of the management and control systems. of fiscal risks and provide the Council with regular information on certain aspects of the same.

**E.3. Indicate the main risks, including tax risks and to the extent that the risks of corruption are significant (understood as the latter with the scope of Royal Decree Law 18/2017), 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 maximisation 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 recognised 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, human error or as the result of outside events, including economic, social and reputational impact.

Regulatory and Institutional Relation Risks: these come from changes in regulations established by the various regulators where the Group has a presence, principally in regard to the conditions related to the exploitation of the licenses granted, and which may adversely affect foreseen income. Likewise included are risks from delays, complications, and even the impossibility of carrying out projects, improvements, offers of new products, etc., owing to difficult relations with the regulatory institutions.

Fiscal Risks: resulting from the various interpretations which, in the case of audit, regulators may give to the fiscal criteria followed by the Group.

- Indebtedness Risk: As a consequence of the indebtedness level and characteristics, the debt service obligations may hinder the growth of Group operations and limit their performance. As a result of the obligations assumed in borrowing operations, there are limits on additional indebtedness, the possibility of granting new guarantees, investing in certain assets or disposing of them, and the obligation of compliance with certain ratios and covenants.

- Country Risk: Risk resulting from the socio-political 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: refers 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 gaming technology platforms.

- Reputational Risk: Potential negative impact on Group value as the result of conduct by the company which does not meet the expectations created in the various stakeholders.

- Risk of corruption and bribery: Corruption and bribery are among the main risks faced by the Codere Group in the exercise of its activity. The Board of Directors, with the purpose of deepening the fight against this problem and from a perspective that promotes its prevention, approved on 27 February 2017 a global Anti-corruption and prevention of irregular conduct manual, accessible through the corporate website. This manual is accompanied by a Practical Guide to Anticorruption, which identifies the main forms of corruption that may affect the Codere Group's activity, as well as a series of preventive measures, including the existence of the Whistleblower Channel. and due diligence procedures on suppliers, business partners, clients and their own personnel.

**E.4. Identify whether the company has a level of risk tolerance, including fiscal:**

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.

On the other hand, the Board of Directors of Codere S.A. is responsible for the approval of operations of special fiscal importance, meaning as such those which, due to their particular characteristics, their strategic nature or their level of materiality, may pose a significant fiscal 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 them. Annually, in accordance with said analysis, the principal risks, especially those exceeding the limits established by the Board of Directors must be reported.

**E.5. Indicate which risks, including fiscal 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 risks:**

Circumstances giving rise to the risk: During the year there were certain exceptional factors motivated by regulatory changes established by different regulators or by actions of different administrative entities in the countries where the Group is present. These factors include the increase in taxes on gambling, or the limitation on installed capacity in some of the jurisdictions where the Group operates (Argentina, Italy, 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: During fiscal year 2018, related to the tax risks in Mexico and specifically related to the omission of payment of gambling tax (IEPS) for certain bank deposits (OEDSA 2010) we need to highlight that the Court has resolved in favour of Codere. Currently the publication of the sentence is pending publication to issue by the Federal Court of Administrative Justice annulling the act issued by the tax authorities.

In relation to the process for Foreign Trade of Codere Mexico, after the cancellation of the sanctions by the Circuit Court and the issuance of a new act by the Mexican tax authorities on the basis of the market value, Codere Mexico has paid the requested amount.

Regarding the process of Exchange Losses, and after the issuance of a new act by the Mexican tax authorities, a nullity suit has been filed before the Federal Court of Administrative Justice against said act.

With regard to the Codere Mexico Corporation Tax process of 2009, the tax act has been appealed through a nullity trial before the Federal Court of Administrative Justice.

Within the audit open to Operadora Cantabria, the one related to 2013 is ongoing; while in relation to that of 2014, an act has been issued that has been subject to an appeal for revocation before the tax authorities.

During fiscal year 2018, inspections open to four Italian subsidiaries (Codere Italia, Codere Network, Operbingo and Bingo Re) for Corporate Tax and Operbingo and Bintegral for Value Added Tax were paid, for the amounts claimed.

Also, in 2018, the Argentine Courts have ruled against us in relation to the process of debits and credits, paying the amount claimed. However, there is a similar claim pending resolution before the Supreme Court of Argentina which, if resolved in favour of the taxpayer, could allow the tax to be paid.

Lastly, Alta Cordillera has been subject to an inspection for Corporate Tax and VAT.

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.

#### Country Risk:

Circumstances that have motivated it: among the factors that are included in the concept of "country risk" the abrupt exchange rate movements stand out. In the case of Argentina, cumulative inflation data for three years have exceeded 100%. This devaluation, in addition to the impact on the cash balance, has had a negative accounting impact as a consequence of the application of IAS 29 Hyperinflation.

How the control systems functioned: The control mechanisms include monitoring the evolution of the Argentine peso exchange rate as well as the analysis of possible hedging strategies through the use of financial derivatives. Additionally, the Group focuses on maximizing treasury in other countries not affected by the devaluation of its exchange rate.

#### **E.6. Explain the response and supervision plans for the main risks of the entity, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to the new challenges that arise:**

At least once a year, at the beginning of the budgetary process, the heads of each Business Unit and/or department identify and report the main risks to which they are exposed and that prevent reaching the strategic objectives determined by the Group.

On the other hand, also annually, the different Business Units prepare their main Risk Maps, evaluating the probability of occurrence and the possible impact. These maps are consolidated and approved by the Audit Committee for presentation to the Board of Directors.

Lastly, the Tax Risks Map is also prepared and reported to the Board of Directors.

Based on the information on risks received by the Board of Directors, it establishes different measures of action aimed at mitigating the impact should any of the risks materialize.

Additionally, depending on the materialization or not of the risks, the appearance of new ones, or the modification of the probability or impact thereof, the Internal Audit plans are modified 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.

### F.1. Company control environment

Report, noting the main features, on at least:

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

(i) The Board of Directors is responsible for approving the Risk Control and Management Policy, as well as the periodical monitoring of the internal information and control system, as stated in article 7 of the Rules of Procedure of the Board of Directors.

(ii) The introduction, and maintenance of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Management, as well as of the Economic Financial Corporate Managements of the various Business Units. Likewise, the various General Managements are responsible for effective introduction in their area of activity.

(iii) The Audit Committee is responsible for supervising the Internal Control System. Among its functions, as Delegated Committee of the Board of Directors, are the following:

- a. Supervise the process of drafting the Company and if applicable, Group, financial reporting and the completeness thereof, reviewing compliance with the regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b. Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- c. See to it that the internal audit function is run independently and efficiently; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into account the conclusions and recommendations contained in its reports;
- d. Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

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

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

The Company has an organizational structure which has developed the major lines of responsibility and authority in the various processes, for each business unit and for each significant geographical area of the Group. The Human Resources Department 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 CEO of the Company, reserves the competence of the appointment and eventual removal of the Senior Executives, while the Appointments, Remuneration and Corporate Governance Committee is additionally responsible for reporting the appointments and dismissals of senior executives. that the first executive proposes to the Board, as well as to establish the guidelines and supervise the actions related to the appointment, selection, career development, promotion and dismissal of executives, (so that the company has the highly qualified personnel necessary 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 analysing breaches and proposing corrective action and sanctions.

The Group's internal rules on conduct are summarized as follows:

1) 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 Code of Ethics and Business Conduct has been disseminated and communicated throughout the Group. And is available of the corporate website ([www.grupocodere.com](http://www.grupocodere.com)) Additionally, the local HR management of each country is responsible for delivering a copy of the Code of Ethics to each new employee who joins the Codere Group.

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

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

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

When it is determined that a professional of the Codere Group has carried out activities that contravene the provisions of the Law or the Code of Ethics, disciplinary measures will be applied according to the regime of faults and penalties provided for in the Collective Bargaining Agreement of the Company to which they belong or in the applicable labour legislation. The competent bodies of the companies of the Group will also adopt whatever measures are appropriate to redirect the situation to full compliance with the law and the values, norms and criteria of the Code of Ethics.

2) An Internal Code of Conduct in the Securities Markets that determines the behaviour criteria that must be followed in the transactions carried out in the securities market, in order to contribute to their transparency and the protection of the investors The Internal Code of Conduct in the Securities Markets was favourably reported by the Appointments, Remuneration and Corporate Governance Committee at its meeting held on 8 November 2016 and subsequently approved by the Board of Directors of Codere, S.A., at a meeting held on 10 November 2016.

The Internal Code of Conduct includes standards of conduct in relation to the Operations that the persons with management responsibility perform on the securities and financial instruments of the Company; rules of conduct in relation to Privileged Information; rules of conduct to avoid market manipulation; treasury stock policy; and rules on conflicts of interest.

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

The Rules of Procedure of the Board of Directors attribute in article 15.2.d) to the Compliance Committee the competence to establish and supervise a mechanism that allows employees, customers, suppliers and other third parties with whom contractual relationships exist, to communicate in a confidential manner and if it is considered appropriate, anonymous breaches of the ethical code of conduct and irregular activities in the organization.

In the case of irregularities of potential importance, especially financial and accounting irregularities, that may be noticed within the company, Codere Group professionals may communicate this directly to the Audit Committee and the Compliance Committee through the procedures established for this purpose.

In application of the foregoing, the Company established, and has a Whistleblowing Channel, of a confidential nature, which is enabled through an email address, ordinary mail and a toll-free telephone number. Said Whistleblower Channel has been disseminated to employees together with the Group Code of Ethics and Business Conduct.

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

The body responsible for its management is the Compliance Department, responsible for confidentially analysing the complaints received, propose corrective actions and, where appropriate, the appropriate penalties, who at any time informs the Compliance Committee so that they can exercise its supervisory function.

- 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.

The personnel involved in the preparation and review of the financial information, as well as in the evaluation of the FRICS, receive, according to their different responsibilities, periodic training on accounting standards, auditing, and internal control.

According to the organizational structure of the Group, the departments directly related to this type of functions are Internal Audit and Economic-Financial.

## **F.2. Evaluation of financial reporting risks**

Report at least:

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

- If the process exists and is documented:

The Codere Group has an identification process for the principal risks which may affect the Group, including among all the identified typologies, specific financial reporting risks. The result of this process is a Risks Map containing the residual risks having the greatest impact and the greatest probability in the Codere Group. This Map is updated annually, is reviewed by the Audit Committee, after which, the Board of Directors is informed at the next session held.

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

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

In the Financial Reporting Risk identification process, in the 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 which makes it possible to improve the design and efficacy of the controls and to minimize the risks related to financial reporting. The risk identification process of financial information has a periodic review and update process.

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

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

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

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

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

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

- What governance organ of the company supervises the process:

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

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

### **F.3. Control Activities**

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

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

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

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

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

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

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

The Information Systems Department is responsible for defining and proposing security policies, except for the physical security of the Data Processing Center, which is the responsibility of the Security 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 which are supervised by the Information Systems Management.

#### **F.4. Information and communication.**

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

- F.4.1** A specific function for defining and keeping accounting policies (area or department of accounting policies) up to date, and resolving any doubts or conflicts resulting from the interpretation thereof,

maintaining fluent communication with those in charge of the transactions in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

Within the Economic Financial Management there is a specific function responsible for resolving any doubts in regard to the interpretations of the regulation. There is an Accounting Policy Manual at the Group level applicable to all of the Business Units. 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 information reporting for all of the Group units which allows the Company to make complete monthly closings. Said reporting contains all the information required for drafting the principal financial statements and their corresponding notes. In addition, it should be pointed out that a large percentage of the financial information of the Group is integrated in the Corporate Information Systems.

#### **F.5. Supervision of system operation.**

Report, noting the main features, on at least:

**F.5.1** FRICS 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 FRICS. Also report the scope of the assessment of FRICS 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 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.
- 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 the audit reports or in the exercise of the above listed functions.
- Once a year draft an annual report containing the activities carried out by the Committee

##### **A. Internal Audit Function**

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

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

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

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

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

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

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

**C. Communication of results and corrective measure action plans.**

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

**F.5.2** If the entity has a procedure for discussion by means of which the auditor (in conformity with that established in the NTA), the internal audit function and other experts are able to communicate to senior management and to the Audit Committee or entity directors the significant weaknesses of the internal control system identified during the annual account review processes or any other review processes entrusted to them. Likewise, the entity will report whether it has an action plan which seeks to correct or mitigate the weaknesses noted.

The Audit Committee meets at least once every three months (prior to the publication of regulated information) in order to obtain and analyse 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 (responsible for the preparation of financial information), the Internal Audit Department (with the periodic information on activities), as well as the external auditor who, in addition to communicating the results of their work, is consulted on any aspect related to the preparation of financial information, with the aim of ensuring the correct application of current accounting standards and the reliability of financial information.

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 has been provided in the previous points.

**F.7. Report of the external auditor.**

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 monitoring of the company with respect to the recommendations of the Good Governance Code of listed companies.

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

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

Comply [ ] Explain [X]

As a result of the financial restructuring process undertaken by the Company in recent years, and in order to ensure its continuity, the Company accepted certain conditions, among others, the modification of its Articles of Association, in order to include them in the same. In the same case, the same shareholder, the companies belonging to the same group or those acting in concert with the foregoing, may issue a number of votes at a General Meeting higher than those corresponding to shares that represent a percentage of 44% of the share capital, even if the number of shares it holds exceeds said percentage of share capital, without prejudice to the provisions of article 527 of the Capital Companies Act.

This limitation does not affect the votes corresponding to the shares in respect of which a shareholder holds the representation as a consequence of the provisions of article 13 of the Articles of Association, although, in relation to the number of votes corresponding to the shares of each represented shareholder, the previously established limitation shall also apply.

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

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

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

3. That during the celebration of the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the Board of Directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company and, in particular:

- a) On the changes that have occurred since the previous ordinary general meeting.
- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules that apply in that area.

Complies [X] Partially complies [ ] Explain [ ]

4. That the company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisers that is fully respectful of the rules against market abuse and provides similar treatment to shareholders who are in the same position.

And that the company makes this policy public through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

Complies [ X ]      Partially complies [ ]      Explain [ ]

5. That the Board of Directors does not submit to the general meeting a proposal to delegate powers, to issue shares or convertible securities excluding the right of preferential subscription, for an amount greater than 20% of the capital at the time of delegation.

And when the Board of Directors approves any issuance of shares or convertible securities excluding the right of pre-emptive subscription, the company immediately publishes on its website the reports on said exclusion to which the commercial legislation refers.

Complies [ X ]      Partially complies [ ]      Explain [ ]

6. That listed companies that prepare the reports listed below, whether mandatory or voluntary, publish them on their website sufficiently in advance of the ordinary general meeting, although their dissemination is not mandatory:

- a) Report on the independence of the auditor.
- b) Performance reports of the audit and appointments and remuneration commissions.
- c) Report of the audit committee on related-party transactions.
- d) Report on the corporate social responsibility policy;

Complies [ X ]      Partially complies [ ]      Explain [ ]

7. That the company transmits live, through its website, the holding of general shareholders meetings.

Comply [ ]      Explain [X]

The high percentage of participation of the share capital in the General Meetings held by the company (in the one held in the financial year 2018, reached 84.308%, and the average participation in those celebrated in 2017 of 90.6%), as well as the size of the company, and its economic and financial capacity, do not make it advisable to proceed to the transmission of the General Meetings through the website.

8. That the audit committee ensure that the Board of Directors seeks to present the accounts to the general meeting of shareholders without limitations or qualifications in the audit report and that, in the exceptional cases in which there are exceptions, both the chairman of the audit committee as the auditors clearly explain to the shareholders the content and scope of said limitations or qualifications.

Complies [ X ]      Partially complies [ ]      Explain [ ]

9. That the company make permanently public on its website, the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of the right to vote.

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

Complies [ X ] Partially complies [ ] Explain [ ]

10. That when a legitimated shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or present new proposals for agreement, the company:

- a) Immediately disseminate such complementary points and new proposals for agreement.
- b) Make public the model of attendance card or form of delegation of vote or remote vote with the precise modifications so that the new points of the agenda and alternative proposals can be voted according to the same terms as those proposed by the council of administration.
- c) Submit all those points or alternative proposals to vote and apply the same voting rules to them as those formulated by the Board of Directors, including, in particular, the presumptions or deductions regarding the direction of the vote.
- d) After the general meeting of shareholders, communicate the breakdown of the vote on such complementary points or alternative proposals.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

11. That, in the event that the company plans to pay attendance premiums to the general meeting of shareholders, establish, in advance, a general policy on such premiums and that said policy is stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

12. That the Board of Directors perform its functions with unity of purpose and independence of judgement, dispense the same treatment to all shareholders who are in the same position and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, that promotes its continuity and the maximization of the economic value of the company.

And in the pursuit of corporate interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted good practices and standards, try to reconcile your own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies [ X ] Partially complies [ ] Explain [ ]

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

Complies [ X ] Explain [ ]

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

- a) Is concrete and verifiable.
- b) Ensures that the proposals for appointment or re-election are based on a prior analysis of the needs of the Board of Directors.
- c) Encourage the diversity of knowledge, experiences and gender.

That the result of the previous analysis of the needs of the Board of Directors be included in the justification report of the appointments committee that is published when the general meeting of shareholders is convened to which the ratification, appointment or re-election of each director is submitted.

And that the policy of selecting directors promotes the goal that in 2020 the number of female directors represents at least 30% of the total number of members of the Board of Directors.

The appointments committee will verify annually the compliance with the director selection policy and will be informed of this in the annual corporate governance report.

Complies [ X ] Partially complies [ ] Explain [ ]

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

Complies [ X ] Partially complies [ ] Explain [ ]

16. That the percentage of nominee directors over the total of non-executive directors is not greater than the proportion between the capital of the company represented by said directors and the rest of the capital.

This criterion may be mitigated:

- a) In companies with large capitalization in which shareholdings that are legally considered significant are scarce.
- b) In the case of companies in which there is a plurality of shareholders represented on the Board of Directors and have no links with each other.

Comply [ ] Explain [X]

The percentage of nominee directors over the total number of non-executive directors (75%) is slightly higher than the percentage of capital they represent (68.875%).

This is motivated by the existence of a shareholder agreement of which the company is a party, which strictly regulates how the Board of Directors should be composed.

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

That, however, when the company is not highly capitalized or when, even if it is, it has a shareholder or several acting in concert, that controls more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Comply [ ] Explain [X]

Currently, the Independent Directors are two, out of a total of eight. Currently, after the dismissal of Mr. Zappala during the year 2018, there is a vacancy on the Board that today has not been filled, given the existence of a shareholder agreement of which the company is a party, which regulates the strict manner in which the Board of Directors should be composed, and which makes it difficult to appoint new directors.

18. That companies publicize and keep up to date the following information on their directors through their Website:

- a) Professional and biographical profile;
- b) Other Boards of Directors to which they belong, whether or not they are listed companies, as well as other paid activities that they carry out, whatever their nature.
- c) Indication of the type of directorship they hold, indicating in the case of nominee directors, the shareholder which they represent or with which they have ties;
- d) Date of their initial appointment as company director, and dates of subsequent appointments; and;
- e) Any company shares and stock options which they hold.

Complies [ X ] Partially complies [ ] Explain [ ]

19. That in the annual corporate governance report, after verification by the appointments committee, explain the reasons why nominee directors have been appointed at the request of shareholders whose shareholding is less than 3% of the capital; and the reasons why formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed should not be addressed.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

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

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

21. That the Board of Directors refrain from proposing the separation of any independent director before said director finishes his or her term of appointment, unless there is good cause to do so, as determined by the Board of Directors on the basis of a report by the appointments committee. In particular, it shall be understood that there is just cause when the director moves into new positions or contracts new obligations that prevent him from devoting the time necessary to perform the duties of the position of director, breach the duties inherent to his position or incur in some of the circumstances that cause him to lose his status as independent, in accordance with the provisions of the applicable legislation.

Separation of independent directors may also be proposed as a result of public takeover bids, mergers or other similar corporate transactions that imply a change in the capital structure of the company, when such changes in the structure of the Board of Directors are favoured by the criterion of proportionality indicated in recommendation 16.

Complies ☒ Explain ☐

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

And that if a director is prosecuted or ordered to open an oral trial for any of the crimes set forth in the corporate legislation, the Board of Directors will examine the case as soon as possible and, in view of its specific circumstances, decide whether or not the director continues in the position. And that on all this, the Board of Directors account, in a reasoned manner, in the annual corporate governance report.

Complies ☒ Partially complies ☐ Explain ☐

23. That all directors clearly express their opposition when they consider that any proposal for a decision submitted to the Board of Directors may be contrary to the corporate interest. And, in particular, independent directors and other directors not affected by the potential conflict of interest should do so in the case of decisions that could harm shareholders not represented on the Board of Directors.

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

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

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

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

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

During fiscal year 2018, Mr. Zappala ceased to hold office, explaining by letter that the reasons for his resignation were to prevent shareholders from having to vote for his resignation as a member of the Board, which had been requested and formally required by three shareholders of the company (Mr. José Antonio Martínez Sampedro, Mr. Luis Javier Martínez Sampedro and Masampe S.L.) without any explanation or reason other than the simple fact of having voted in the meeting of 12 January 2018, in favour of the cessation of Messrs. Martínez Sampedro as Chairman and Executive Vice Chairman of the Company.

25. That the appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And that the rules of procedure of the Board establish the maximum number of Board of Directors of which its directors can be a part.

Complies ☒ Partially complies ☐ Explain ☐

26. That the Board of Directors meet with the necessary frequency to effectively perform its functions and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year, each director being able to individually propose other points of order of the day initially not foreseen.

Complies ☒ Partially complies ☐ Explain ☐

27. That the absences of the directors are reduced to the indispensable cases and are quantified in the annual corporate governance report. And that, when they should be produced, representation is granted with instructions.

Complies ☒ Partially complies ☐ Explain ☐

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

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

29. That the company establishes the appropriate channels so that the directors can obtain the necessary advice for the fulfilment of their duties, including, if required by the circumstances, external advice charged to the company.

Complies ☒ Partially complies ☐ Explain ☐

30. That, regardless of the knowledge required of directors for the exercise of their duties, companies also offer directors refresher programs when the circumstances warrant.

Complies ☒ Explain ☐ Not applicable ☐

31. That the agenda of the meetings clearly indicate those points on which the Board of Directors must adopt a decision or agreement so that the directors can study or collect, in advance, the information required for its adoption.

When, exceptionally for reasons of urgency, the chairman wishes to submit decisions or resolutions that do not appear on the agenda to the approval of the Board of Directors, the prior and express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies ☒ Partially complies ☐ Explain ☐

32. That the directors are periodically informed of the movements in the shareholding and of the opinion that the significant shareholders, investors and rating agencies have about the company and its group.

Complies ☒ Partially complies ☐ Explain ☐

33. That the chairman, as the person in charge of the efficient functioning of the Board of Directors, in addition to exercising the functions legally and statutorily attributed thereto, prepares and submits to the Board of Directors a schedule of dates and matters to be discussed; organize and coordinate the periodic evaluation of the Board, as well as, where appropriate, the first executive of the company; be responsible for the direction of the Board and the effectiveness of its operation; ensure that sufficient discussion time is devoted to strategic issues, and agree and review the knowledge updating programs for each director, when circumstances warrant.

Complies ☒ Partially complies ☐ Explain ☐

34. When there is a coordinating director, the Articles of Association or the rules of procedure of the Board of Directors, in addition to the powers that correspond legally, assign the following: to preside over the Board of Directors in the absence of the chair and the vice-chair, if any; echo the concerns of non-executive directors; maintain contacts with investors and shareholders to know their points of view in order to form an opinion on their concerns, in particular, in relation to the corporate governance of the company; and coordinate the chair's succession plan.

Complies ☐ Partially complies ☐ Explain ☐ Not applicable ☒

35. That the secretary of the Board of Directors ensure in a special manner that in its actions and decisions the Board of Directors takes into account the recommendations on good governance contained in this Code of good governance that are applicable to the company.

Complies ☒ Explain ☐

36. That, once a year, the Board of Directors in full should evaluate and adopt, if necessary, an action plan to correct the deficiencies identified in respect of:

- a) The quality and efficiency of the manner in which the Board of Directors is run;
- b) The operation and the composition of its committees.
- c) The diversity in the composition and powers of the Board of Directors.
- d) The performance of the chairperson of the Board of Directors and the chief executive of the company.



- e) The performance and contribution of each director, paying particular attention to those responsible for the various Board committees.

In order to carry out the evaluation of the different commissions, it will be based on the report that they submit to the Board of Directors, and for the latter's, from that the appointment commission elevates.

Every three years, the Board of Directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the appointments committee.

The business relationships that the consultant or any company of its group maintains with the company or any company of its group should be broken down in the annual corporate governance report.

The process and the areas evaluated will be described in the annual corporate governance report.

Complies [ ] Partially complies [ X ] Explain [ ]

Given the current economic and financial situation of the Company, Codere has opted to carry out the annual evaluation and action plan, internally and without the assistance of a external consultant. Notwithstanding that, the annual assessment includes all the areas requested in the recommendation.

37. That when there is an executive committee, the structure of participation of the different categories of directors is similar to that of the Board of Directors itself and its secretary is that of the latter.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

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

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

39. That the members of the audit committee, and especially its chairman, be appointed taking into account their knowledge and experience in accounting, auditing and risk management, and that the majority of these members be independent directors.

Complies [ X ] Partially complies [ ] Explain [ ]

40. That under the supervision of the audit committee, there be a unit that assumes the function of internal audit that ensures the proper functioning of the information and internal control systems and functionally depends on the non-executive chairman of the Board or the Board of Directors' audit commission.

Complies [ X ] Partially complies [ ] Explain [ ]

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

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

42. That, in addition to those provided by law, the following functions correspond to the audit committee:

1. 1. In relation to the information and internal control systems:
  - 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) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for that service; approve the orientation and its work plans, making sure that its activity is focused mainly on the relevant risks of society; receive periodic information about their activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
  - c) Establish and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they observe in the company and which may have repercussions, especially in regard to financial and accounting matters.
2. In relation to the external auditor:
  - a) In the event that the auditor should choose to resign, the Committee shall examine the reasons why.
  - b) Ensure that the remuneration of the external auditor for their work does not compromise their quality or independence.
  - c) Supervise that the company reports the change of auditor as a relevant event to the CNMV and accompanies it with a statement about the possible existence of disagreements with the outgoing auditor and, if they existed, their content.
  - d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform them of the work performed and the evolution of the accounting and risk situation of the company.
  - e) Ensure that the company and the external auditor respect current regulations on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules on the independence of auditors.

Complies [ ]      Partially complies [ X ]      Explain [ ]

In relation to the establishment and supervision of a mechanism that allows employees to communicate, confidentially, and if possible and considered appropriate, anonymous, irregularities of potential importance, especially financial and accounting, that they notice within the company, this function is entrusted in Codere S.A. to the Compliance Committee (art.15 of the Regulations of the Board of Directors), with the system known as the "Whistleblower Channel" (nationally and internationally), which is periodically reported to the Committee.

The Rules of Procedure of the Board of Directors of Codere S.A. do not include among the functions of the Audit Committee, that of ensuring that the external auditor holds an annual meeting with the full Board to inform them of the work done and the evolution of the accounting situation and of company risks. Notwithstanding the foregoing, on each of the occasions in which the external auditor appears before the Audit Committee, the Chairman of said Committee informs the Board of Directors of its conclusions, at the next meeting of the Board to be held and additionally, during fiscal year 2018, the external auditor appeared before the full Board of Directors in order to report on the accounting and risk situation of the company.

43. That the audit committee may request the presence of any company employee or manager, and even order that they appear without the presence of any other manager.

Complies [ X ]      Partially complies [ ]      Explain [ ]

44. That the audit committee is informed about the operations of structural and corporate modifications that the company plans to carry out for its analysis and prior report to the Board of Directors on its economic conditions and its accounting impact and, especially, where applicable, on the equation of proposed exchange.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

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

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

Complies [ X ]      Partially complies [ ]      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 is an internal risk control and management function exercised by a unit or internal department of the company that has expressly attributed the following functions:

- a) Ensure the proper functioning of the risk management and control systems and, in particular, that all important risks that affect society are identified, managed and quantified adequately.
- b) Actively participate in the preparation of the risk strategy and in important decisions about its management.
- c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the Board of Directors.

Complies [ X ]      Partially complies [ ]      Explain [ ]

47. That the members of the appointments and remuneration committee - or of the Appointments Committee and the Remuneration Committee, if they are separate - be appointed so that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform and that the majority of these members are independent directors.

Complies [ ]      Partially complies [ X ]      Explain [ ]

The Appointments, Remuneration and Corporate Governance Committee is composed of four members, of which 50% is independent. The composition of the Committee is established in the Shareholders' Agreement to which the company adhered in May 2016.

48. That the companies of high capitalization have a commission of appointments and a separate commission of remunerations.

Complies [ ]      Explain [ ]      Not applicable [ X ]

49. That the appointments committee consult with the company Chairman and CEO, especially in regard to matters pertaining to executive directors.

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

Complies [ X ]      Partially complies [ ]      Explain [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions attributed to it by law, the following correspond to it:

- a) Propose to the Board of Directors the basic conditions of the contracts of senior managers.
- b) Confirm the observance of the remuneration policy established by the company.
- c) Periodically review the remuneration policy applied to directors and senior managers, including the remuneration systems with shares and their application, as well as ensuring that their individual remuneration is proportionate to that paid to other directors and senior executives of the company.
- d) Ensure that any conflicts of interest do not prejudice the independence of external advice provided to the commission.
- e) Verify the information on the remuneration of directors and senior managers contained in the various corporate documents, including the annual report on the remuneration of directors.

Complies [ X ]      Partially complies [ ]      Explain [ ]

As can be seen in Article 16 of the Rules of Procedure of the Board of Directors, most of the functions included in this Recommendation are entrusted to the Appointments, Remuneration and Corporate Governance Committee.

Regarding letter d), it is not applicable, since as previously reported, the assessment of the Board is done internally, without external advice.

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

Complies [ X ]      Partially complies [ ]      Explain [ ]

52. That the rules for the composition and operation of the supervision and control commissions appear in the regulations of the Board of Directors and that they are consistent with those applicable to the legally binding commissions according to the previous recommendations, including:

- a) That they are composed exclusively of non-executive directors, with a majority of independent directors.
- b) That the chairs thereof be independent directors;
- c) That the Board of Directors appoint the members of these Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each committee; that it deliberate on the proposals and reports of these committees; and that said committees report to the Board of Directors on their activity and be held accountable for the work they have done, at the first Board plenum held after the committee meetings;
- d) That these committees may obtain external consultancy, when they consider this advisable for the performance of their functions;
- e) That minutes be drawn up from its meetings, which will be made available to all the directors.

Complies [ ]      Partially complies [ X ]      Explain [ ]      Not applicable [ ]

The Compliance Committee of Codere S.A. complies with the recommendations except for the fact that there is not a majority of independent directors in its composition.

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy is attributed to one or is distributed among several committees of the Board of Directors that may be the audit committee, the appointments, the corporate social responsibility committee, if any, or a specialized committee that the Board of Directors, exercising its powers of self-organization, decides to create for this purpose, to which the following minimum functions are attributed specifically. :

- a) Supervision of compliance with the internal codes of conduct and the corporate governance rules of the company.
- (b) Supervision of the communication and relationship strategy with shareholders and investors, including small and medium shareholders.

- c) The periodic evaluation of the adequacy of the corporate governance system of the company, in order that it fulfils its mission to promote the corporate interest and take into account, as appropriate, the legitimate interests of the other stakeholders.
- d) The review of the corporate responsibility policy of the company, ensuring that it is aimed at the creation of value.
- e) The monitoring of corporate social responsibility strategy and practices and the evaluation of their degree of compliance.
- (f) Supervision and evaluation of the relationship processes with the different stakeholders.
- (g) The evaluation of everything related to the non-financial risks of the company -including operational, technological, legal, social, environmental, political and reputational risks.
- (h) The coordination of the process of reporting non-financial information and diversity, in accordance with applicable regulations and international reference standards.

Complies [ ] Partially complies [ X ] Explain [ ]

The Company has entrusted to the Appointments, Remuneration and Corporate Governance Committee with the functions envisaged in letters a), d) and e). The Audit Committee is entrusted with the functions described in letters b), f) and g).

The functions indicated in the rest of the letters, are not expressly attributed to any of the Committees that the Board of Directors has constituted, however, they would correspond to the Appointments, Remuneration and Corporate Governance Committee in accordance with article 16.2.k) which states that it is the competence of said Committee "to make proposals to the Board and prepare the examination of the matters that it must know, in the matters that are not the specific competence of another of the Committees, whenever it is deemed necessary.

**54.** That the corporate social responsibility policy includes the principles or commitments that the company voluntarily assumes in its relationship with the different stakeholders and identifies at least:

- a) The objectives of the corporate social responsibility policy and the development of support instruments.
- b) The corporate strategy related to sustainability, the environment and social issues.
- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the specific practices indicated in the previous letter, the associated risks and their management.
- e) The mechanisms of supervision of non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.

- g) Responsible communication practices that avoid information manipulation and protect integrity and honour.

Complies [ ] Partially complies [ X ] Explain [ ]

During 2016, the Board of Directors, on the proposal of the Appointments, Remuneration and Corporate Governance Committee, approved a Corporate Social Responsibility Policy that identified:

- Its objectives.
- The specific principles of action.
- The principles of action in relation to: Shareholders and Investors; clients; employees; communities; suppliers and the environment.

55. That the company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using some of the internationally accepted methodologies.

Complies [ ] Partially complies [ X ] Explain [ ]

During fiscal year 2018, the first report on this matter was made without using any of the accepted methodologies and has been made available to shareholders on the occasion of the Ordinary General Meeting.

56. That the remuneration of the directors be necessary to attract and retain the directors of the desired profile and to reward the dedication, qualification and responsibility required by the position, but not so high as to compromise the independent judgement of the non-executive directors.

Complies [ X ] Explain [ ]

57. That the variable remuneration linked to the performance of the company and personal performance be limited to the executive directors, as well as the remuneration through the delivery of shares, options or rights over shares or instruments referenced to the value of the share and the long-term savings systems such as pension plans, retirement systems or other social welfare systems.

The delivery of shares may be considered as remuneration for non-executive directors when it is conditioned to keep them until they cease to be directors. The foregoing shall not apply to the actions that the director needs to transfer, in its case, to satisfy the costs related to its acquisition.

Complies [ X ] Partially complies [ ] Explain [ ]

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

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

- a) Are linked to performance criteria that are predetermined and measurable and that said criteria consider the risk assumed to obtain a result.

- b) Promote the sustainability of the company and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the rules and internal procedures of the company and its policies for the control and management of risks.
- c) They are configured on the basis of a balance between the fulfilment of short, medium and long-term objectives, which allow remunerating the performance for continuous performance during a period of time sufficient to appreciate their contribution to the sustainable creation of value, so that the elements of measurement of that performance do not revolve solely around specific, occasional or extraordinary events.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

59. That the payment of a relevant part of the variable components of the remuneration is deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

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

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

61. That a relevant percentage of variable remuneration of executive directors be linked to the delivery of shares or financial instruments referenced to their value.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

62. Once the shares or options or rights over shares corresponding to the remuneration systems have been attributed, the directors cannot transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights until after the expiration of a term of, at least, three years from its attribution.

The foregoing shall not apply to the actions that the director needs to transfer, in its case, to satisfy the costs related to its acquisition.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

63. That the contractual agreements include a clause that allows the company to claim the reimbursement of the variable components of the remuneration when the payment has not been adjusted to the performance conditions or when they have been paid based on data whose inaccuracy is subsequently accredited.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

64. That the payments for resolution of the contract do not exceed an established amount equivalent to two years of the total annual remuneration and that they are not paid until the company has been able to verify that the director has complied with the previously established performance criteria.





Complies [ ]

Partially complies [ ]

Explain [ ]

Not applicable [ X ]

#### H. OTHER INFORMATION OF INTEREST

1. If you consider that there is any principle or relevant aspect regarding the corporate governance practices applied by your company which has not been dealt with in the present Report, but that more complete and reasoned information is necessary regarding the structure and governance practices of your company and/or group, mention this below and briefly explain what it consists of.
2. Any information, clarification or nuance related to the preceding sections of this report may also be included in this section. Specifically, indicate whether or not the company is subject to any legislation other than Spanish legislation in matters of corporate governance and, if applicable, include any information which it is required to provide which differs from the information called for in this report.
3. The company may also indicate whether voluntarily acceded to other ethical principles or codes of good practice, international, sectoral or other authorities. In such a case, the code in question and the date of application should be identified. In particular, it will mention if the company has adhered to the Code of Good Tax Practices, of 20 July 2010:

N/A

This annual corporate governance report was approved by the Board of Directors of the Company, at its meeting held on

26/02/2019

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

☒ Yes  
☐ No

Name or company name of director who has not voted in favour of the adoption of this report	Reasons (against, abstention, absence)	Explain the reasons
JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	Against	Disagreement with answers included in questions C.2.1 and recommendations G.17 and G.24
LUIS JAVIER MARTÍNEZ SAMPEDRO	Against	Disagreement with answers included in questions C.2.1 and recommendations G.17 and G.24
MASAMPE, S.L.	Against	Disagreement with answers included in recommendations G.12, G.29, G. 31 and G.33