

2018 ACTIVITY REPORT OF THE COMPLIANCE COMMITTEE OF CODERE, S.A.

I. INTRODUCTION

The Code of Good Governance of Listed Companies establishes in Recommendation number 6:

“That listed companies which prepare the reports listed below, whether mandatory or voluntary, publish them on their website 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 appointment and remuneration commissions.*
- c) Report of the audit committee on related-party transactions.*
- d) Report on corporate social responsibility policy”.*

The Compliance Committee will propose to the Board of Directors that this Report be made available to the shareholders of the Company on the occasion of the call of the Ordinary General Shareholders’ Meeting.

In application, of the best principles of transparency in corporate governance, since 2015, the Annual Report on Activities of the Compliance Committee of Codere, S.A. is made available to shareholders simultaneously with the convening of the Ordinary General Shareholders’ Meeting, and can be consulted both on the corporate website and a hard copy can be requested with free delivery by mail.

II. COMPOSITION OF THE COMPLIANCE COMMITTEE AND MEETINGS IN 2018

In the meeting held on May 11, Mr. Joseph Zappala was replaced as Chairman of the Compliance Committee by Mr. Matthew Turner, with the votes in favor of Mr. Martinez Fidalgo and Mr. Turner and abstention of Mr. Cabanillas as representative of MASAMPE S.L.

a) Composition.

The current composition of Codere S.A. Compliance Committee is as follows:

Mr Matthew Turner	Independent	President
Mr Manuel Martinez-Fidalgo Vázquez	Proprietary	Member
Masampe S.L (represented by Mr. Pío Cabanillas Alonso)	Proprietary	Member

In its composition, the Committee complies with the requirements of Article 15 of the Regulations of the Board of Directors of Codere S.A., which states that:

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

The Chairperson 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 Secretary of the Committee is the Secretary of the Board of Directors, in accordance with the provisions of article 13.4 of the Regulations of the Board of Directors of "Codere, S.A."

b) Responsibilities

The responsibilities and functions entrusted to the Compliance Committee are set out in article 15 of the Board of Directors' Regulations, which indicate that the said responsibilities and functions shall be, notwithstanding any other mandate that may be assigned by the Board of Directors, the following:

- (a) To monitor compliance with national and international gaming regulations.
- (b) To assess internal control systems in relation to obligations of information and transparency with regard to gaming.
- (c) To monitor control systems and compliance with regulations on anti-money laundering.
- (d) To set up and monitor a mechanism to allow employees, customers, suppliers, and other third parties with whom commercial relations are maintained, to report any potentially significant breaches, especially financial and accounting irregularities, in a confidential and, if deemed appropriate, anonymous manner.
- (e) To monitor the security systems and measures applied in performing Company and Group business.

III. COMPLIANCE COMMITTEE MEETINGS DURING THE 2018 FINANCIAL YEAR AND MAIN ACTIVITIES CARRIED OUT.

During the 2018 financial year the Compliance Committee has met up on seven occasions, complying with the requirement of a minimum of four meetings per year, specified in Codere, S.A. Compliance Plan.

The issues addressed at each of the committee meetings held are indicated below.

MEETING DAY	AGENDA
12/01/2018	<ol style="list-style-type: none"> 1. Approval, as appropriate, of the minutes of the previous committee meeting. 2. Report on Due Diligence of appointments Mr Norman Sorensen Valdez and Mr Vicente Di Loreto 3. Other business, motions and queries.
27/02/2018	<ol style="list-style-type: none"> 1. Approval, as appropriate, of the minutes of the previous committee meeting. 2. Updating of CUCOR-09-17 Complaint File. 3. Report on Compliance Activities and Situation since the previous meeting. 4. Annual Report on 2017 Committee activities. 5. Other business, motions and queries.
09/05/2018	<ol style="list-style-type: none"> 1. Approval, as appropriate, of the minutes of the previous committee meeting. 2. Codere Group Annual External Expert Report on Anti-Money Laundering and Combating the Financing of Terrorism. 3. Compliance Department Report for 2017 4. 2018 Compliance Officers Action Plan. 5. Compliance supervision for the reappointment of members of the Board of Directors. 6. Report on Compliance Activities and Situation since the previous meeting. 7. Other business, motions and queries.
11/05/2018	<ol style="list-style-type: none"> 1. Appointment of the Committee Chairman. 2. Other business, motions and queries.
18/07/2018	<ol style="list-style-type: none"> 1. Approval, as appropriate, of the minutes of the previous committee meeting. 2. Compliance situation regarding the appointment of the General Counsel. 3. Other business, motions and queries.
06/09/2018	<ol style="list-style-type: none"> 1. Approval, where appropriate, of the minutes of the committee meetings of 18 July and 11 May. 2. Presentation of the new Corporate Compliance Director. 3. Report on Colombia. 4. Review of Codere Group Code of Ethics and Ethical Conduct and Legal Entity Criminal Liability Plan. 5. Other business, motions and queries.

<p>11/12/2018</p>	<ol style="list-style-type: none"> 1. Approval, as appropriate, of the minutes of the meeting held on 6 September. 2. Report and Risk Matrix of Codere Group BUs regarding Anti-money Laundering and combating the Financing of Terrorism. 3. Compliance Area Plans for 2019. 4. Committee Action Plan for 2019. 5. Report on Compliance Activities and situation since the previous meeting.
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The following are the most relevant issues addressed during the 2018 financial year:

a) Dealing with the Compliance situation in each Business Unit:

The Compliance Committee took note of the reports regularly presented by Corporate Compliance Management detailing the compliance situation of each of the business units and passed on this information to the Board of Directors.

b) Supervision of the compliance situation of Chairman-Managing Director and Top Management personnel:

In accordance with the legal mandate, Art. VI of CODERE S.A. Compliance Plan establishes that the reports issued by the Compliance Director should cover, when necessary, the following issues:

VI.B.6. e). Members of the Board of Directors, Executive Directors and Key Employees.

The Company, under the supervision of the Appointments, Remuneration and Corporate Governance Committee and the Compliance Committee, shall exercise control to ensure that Members of the Board of Directors, Executive Directors and Key Employees are not people who are unsuitable or unfit.

The Corporate Compliance Director will check the suitability of these persons and entities and will report the outcome of this check to the Compliance Committee, for its information and so that it may make the relevant decisions.

During the 2018 financial year, the Compliance Director informed the Compliance Committee, at the January 2018 committee meeting, of the suitability of Mr Sorensen and Mr Di Loreto to take up the posts of Chairman of the Board of Directors and Managing Director of the Company respectively. In both cases, no reasons were found that could prevent or limit their exercise of such posts.

Furthermore, the Compliance Director informed the Compliance Committee in the committee meeting held on 18 July 2018 concerning the suitability of Mrs Fernández Barbé to occupy the post of General Counsel. No reason was found that could prevent or limit her exercise of such a post.

c) Codere Group Annual External Expert Report on Anti-Money Laundering and Combating the Financing of Terrorism for 2018:

In the committee meeting held on 9 May 2018, the Compliance Committee took note of the results of the Annual External Expert Report on Anti-Money Laundering and Combating the Financing of Terrorism of Codere Group, pursuant to the provisions of Art. 26 of Law 10/2010, and to OHA/2444/2007, drafted by the consultancy firm Grant Thornton, accredited with SEPBLAC, and in the terms required by current regulations.

It is recommended that the Board of Directors validates the improvement actions initiated, in compliance with Art. 38.2 of Law 10/2010 of AML and CFT.

d) Appointment of the Committee Chairman

In the committee meeting held on 11 May 2018, the Compliance Committee, with the votes in favour of Mr Turner and Mr. Martinez Fidalgo and the announced abstention of Mr Cabanillas on behalf of MASAMPE, S.L., agreed to appoint Mr Matthew Turner as the new Committee Chairman; Mr Turner accepted the post and stated that he did not incur in any incompatibility preventing him from taking up this position as he is an Independent Director as set forth in Art.15 of the Board of Directors' Regulations.

Madrid, 10 April 2019