

## **REPORT OF THE BOARD OF DIRECTORS OF CODERE, S.A. ON THE AMENDMENT OF THE REGULATIONS OF THE BOARD OF DIRECTORS**

The Board of Directors of CODERE, S.A. issues this report in accordance with section 528 of the Spanish Companies Act, and regarding Item 9 of the Agenda of the Annual General Meeting of CODERE, S.A. which shall take place next 26 June 2019 on first call, and if not quorated, on 27 June 2019 on second call.

The Board of Directors of CODERE, S.A. in its meeting held last October 19 2018, and with the previous report of the Appointments, Remuneration and Corporate Governance Committee, and in accordance with section 528 of the Spanish Companies Act, resolved to amend the following articles of the Regulations of the Board of Directors, to include new rules and criteria that, in view of past experience, good corporate recommendations and best practices observed in the market improve operating issues of the Board of Directors:

- Introduction of a Preliminary Article in order to clarify what persons are Senior Management or Top Executives and thus certain provisions of the Board Regulations are applicable to them.
- To make the Board of Directors more flexible, facilitating its discussions, to amend section 12 of the Board Regulations, omitting the possibility of sending the Secretary written statements in the 24 hours following the meeting for their attachment to the minutes.
- In order to improve the management of conflicts of interest, to amend articles 14.3.3 and 16 of the Board Regulations, to allow the Audit Committee to have the competence not only for matters of related party transactions, but also of conflicts of interest. Thus this competence was removed from the Appointments, Remuneration and Corporate Governance Committee and included between the Audit Committee's competences.

Therefore, the new wording of the abovementioned articles is the following:

### **“PRELIMINARY ARTICLE.-**

This Regulation is applicable to the Board of Directors of the Company and its internal Committees. In addition, it shall apply individually to the Directors, who are under the obligation to know, abide by and ensure compliance with this Regulation.

This Regulation shall also be applicable to the Secretary and to the Vice-Secretary of the Board and to the Top Executives or Senior Management of Codere S.A. and its Group.

For the purposes of this Regulation, Top Executives or Senior Management shall mean those executives reporting directly to the Board of Directors or any of its members or to the chief executive officer and, in any case, the internal auditor”.

### **Article 12.- BOARD OF DIRECTORS' MEETINGS**

The Board of Directors will convene at the request of the Chairman, if this is necessary in the

Company's interest or if applicable further to the Act or the By-laws and, at least, once quarterly. The calendar of ordinary meetings will be determined by the Board itself before the beginning of each year. This calendar may change by means of a resolution adopted by the Board or if decided by the Chairman, who will ensure that the modification is notified to the Directors at least five days before the date initially scheduled for the meeting, or before the new date determined to replace the same, if this latter date is earlier.

The announcement of ordinary meetings will be made by post, fax, telegram or e-mail and will be authorised with the signature of the Chairman or Secretary or Vice Secretary, by order of the Chairman. The announcement will be processed with sufficient advance notice so that the Directors receive it no later than five days before the date of the meeting. The announcement will always include the agenda of the meeting and will attach any applicable written information, pursuant to the provisions of these Regulations. When exceptionally and for urgent matters, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda their inclusion will require the express prior consent, duly minuted, of the majority of directors present. Nevertheless if, in the Chairman's opinion, exceptional circumstances so require, the Board may be convened by telephone or e-mail without fulfilling the foregoing prior notice (but with at least 24 hours prior notice) and without attaching said information, advising the Directors of the possibility of examining it at the registered office. Any Director may propose other points in the agenda that were initially not foreseen, before the Board meeting is held, by duly informing the Secretary.

The Board will validly convene and adopt resolutions from within in accordance with the provisions foreseen in the Act and the By-laws. Maximum participation will be encouraged.

The Secretary will record in the minutes, a summary of the issues discussed, decisions approved and the voting results. If the Directors or Secretary were to manifest their concern about any proposal or, in the case of Directors, on the Company's progress, and such concerns are not resolved by the Board, at the request of the party manifesting the same, a record will be made of this in the minutes. If the Director requests that his address be recorded verbatim in the minutes, that Director shall report this expressly to the Secretary at the time of his address or during the meeting.

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 assessment shall be recorded in the minutes of the meeting.

Art. 14.3.

The Auditing Committee will be particularly in charge of the following:

3. To inform the Board, before it adopts the decisions reserved to it according to the provisions of Article 7.17 herein, about the following matters:

a) Any financial data which, due to its listed status, the Company should publish periodically. The Committee will ensure that any intermediate statements are drawn up with the same accounting standards as the annual statements and, to this effect, will examine the suitability

of carrying out a limited review of the external auditor.

b) The creation or acquisition of participations in special purpose vehicles or entities domiciled in countries or territories treated as tax havens, including any other transactions or operations of a similar nature which, due to their complexity, could be detrimental to the group's transparency.

c) Related operations and conflicts of interest

Mayo 2019