

REPORT ISSUED BY THE BOARD OF DIRECTORS OF CODERE S.A. REGARDING THE PROPOSAL OF AMENDMENT OF ART. 24 OF THE BYLAWS OF CODERE S.A. TO BE SUBMITTED TO THE GENERAL SHAREHOLDERS MEETING WHICH SHALL TAKE PLACE ON JULY 24 2020 ON FIRST CALL, AND ON JULY 25 2020 ON SECOND CALL

I. INTRODUCTION AND LEGAL BASIS

The Board of Directors of Codere, S.A. (“Codere” or the “Company”) issues this report, in accordance with the duty stated in art. 286 of Royal Decree 1/2010, July 2, which approves the Spanish Companies Act, which establishes that the Board of Directors must issue a written report explaining the proposed amendments to the bylaws, and consequently, to justify the proposal to amend article 24 of the Bylaws.

Likewise, the Spanish Companies Act states in art. 197.bis (separated voting of issues) that in the General Shareholder Meetings, substantial independent issues shall be voted separately, and in its paragraph 2, it highlights that although they are included in the same point of the agenda, a separate voting shall take place “*b) when modifying the Company by-laws, any article or group of articles that may be autonomous*”. This obligation is also included in article 24.3 of the Regulation of the General Shareholders meeting of Codere.

In order to make it easier for shareholders to understand the changes behind the proposed amendment to be submitted for approval by the General Shareholders’ Meeting, an explanation of the purpose and justification of the amendment is provided first, followed by a literal transcription, in two columns, of the current wording and the proposed new wording for comparison purposes.

II. RATIONALE OF THE AMENDMENT OF ART. 24 OF THE BYLAWS.

The current economic situation, the uncertainties arising from the COVID 19 health crisis and the particular current litigation circumstances of the Company due to lawsuits initially brought by some of the shareholders and former directors have rendered it impossible for the Company to renew, on reasonable conditions of coverage and economic cost, the D&O liability policies.

The Company remains willing to arrange policies covering D&O liability on customary market conditions as soon as possible, when the market is stabilized and the terms of contract are back to normal.

However, for the duration of the current situation, it is considered essential to provide adequate coverage for an eventual liability of the directors since the Company would otherwise find itself obliged to lose (or would be unable to attract) directors of renowned prestige and value. It must be remembered that it is customary practice in the Spanish market, particularly in listed companies, to provide adequate coverage for the liability of board members.

In order to maintain the coverage of the eventual liability of the members of the Board of Directors of Codere, S.A. on conditions similar to those enjoyed by the directors before April 27, 2020, the Board of Directors has analyzed various procedures to achieve such objective.

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Firstly, it has extended for four years the coverage of the policies that were in effect until April 27, 2020, to include claims that may be notified after April 27, 2020, for events occurred prior to said date (discovery period).

However, on the other hand, a procedure must be established to permit, in future and in the absence of a D&O liability policy, the refund of the damages that the directors may suffer in the discharge of their duties, although such coverage will never include actions performed in bad faith or contravening the corporate interest of the Company.

As explained, this provision for refund seeks to have Codere, S.A. achieve to attract, motivate and retain valuable human capital in the corporate interest, managing to afford coverage equal to that afforded by other companies in the market permitting its current directors, and other potential directors, to focus their interest on the future of Codere, S.A.

III. COMPARISON BETWEEN ARTICLE 24 CURRENT WORDING AND NEW WORDING PROPOSED TO THE AGM.

As stated above, we include in this report, a comparison between article 24 current version, and the new wording that will be applicable, if approved by the General Shareholders Meeting.

Article 24 current wording	Article 24 proposed wording
1. The Company shall be governed and administered by a Board of Directors comprised of a number of members not less than five and not more than fifteen, elected in the General Meeting. Directors may be either natural or legal persons.	1. The Company shall be governed and administered by a Board of Directors comprised of a number of members not less than five and not more than fifteen, elected in the General Meeting. Directors may be either natural or legal persons.
2.- The Board of Directors shall elect from among its members a Chairman and, if deemed appropriate, one or more Vice Chairmen to substitute the former, in the order they may determine, in cases of absence or illness. The Board of Directors shall also appoint a Secretary and, if deemed appropriate, a Deputy Secretary, who may or may not be members of the Board of Directors, and not having, in the latter case, the right to vote. In the absence of the Secretary and Deputy Secretary, the person appointed by the person chairing the meeting shall serve in said function.	2.- The Board of Directors shall elect from among its members a Chairman and, if deemed appropriate, one or more Vice Chairmen to substitute the former, in the order they may determine, in cases of absence or illness. The Board of Directors shall also appoint a Secretary and, if deemed appropriate, a Deputy Secretary, who may or may not be members of the Board of Directors, and not having, in the latter case, the right to vote. In the absence of the Secretary and Deputy Secretary, the person appointed by the person chairing the meeting shall serve in said function.
3.- Directors shall serve for a period of two years, and may be reelected for successive periods of equal duration.	3.- Directors shall serve for a period of two years, and may be reelected for successive periods of equal duration.

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<p>4.- Persons included in any statutory event of incompatibility, disqualification, incapacity or prohibition for the territorial scope of the Company, both in general and for reasons of the corporate purpose or activities of the Company shall be unable to be directors or to represent directors that are legal persons.</p> <p>5.- The post of Director shall be remunerated. The remuneration to be collected by directors for their status as such will consist of a fixed allocation.</p> <p>The director remuneration policy must necessarily state the maximum amount of annual remuneration to be paid to all of the directors for their status as such.</p> <p>The remuneration for each director, for their status as such, shall be determined by the Board of Directors, having regard to the functions and responsibilities assigned to each director, their membership of Board committees and any other objective factors considered to be relevant.</p> <p>The director remuneration policy must be approved by the Shareholders' Meeting at least every three years as a separate item on the agenda.</p> <p>In any event, director remuneration must be reasonably proportional to the importance of the Company, its economic situation at any given time, and the levels in comparable companies in the market. The remuneration system that is established must be focused on promoting the Company's long-term profitability and sustainability.</p> <p>6. The payments contemplated in this article shall be compatible with, and independent of, salaries, remuneration, compensation, pensions, share options, remuneration systems linked to the value of the shares, or any kind of compensation of a general or individual nature established for those Directors who provide executive or professional services to the</p>	<p>4.- Persons included in any statutory event of incompatibility, disqualification, incapacity or prohibition for the territorial scope of the Company, both in general and for reasons of the corporate purpose or activities of the Company shall be unable to be directors or to represent directors that are legal persons.</p> <p>5.- The post of Director shall be remunerated. The remuneration to be collected by directors for their status as such will consist of a fixed allocation.</p> <p>The director remuneration policy must necessarily state the maximum amount of annual remuneration to be paid to all of the directors for their status as such.</p> <p>The remuneration for each director, for their status as such, shall be determined by the Board of Directors, having regard to the functions and responsibilities assigned to each director, their membership of Board committees and any other objective factors considered to be relevant.</p> <p>The director remuneration policy must be approved by the Shareholders' Meeting at least every three years as a separate item on the agenda.</p> <p>In any event, director remuneration must be reasonably proportional to the importance of the Company, its economic situation at any given time, and the levels in comparable companies in the market. The remuneration system that is established must be focused on promoting the Company's long-term profitability and sustainability.</p> <p>6. The payments contemplated in this article shall be compatible with, and independent of, salaries, remuneration, compensation, pensions, share options, remuneration systems linked to the value of the shares, or any kind of compensation of a general or individual nature established for those Directors who provide executive or professional services to the</p>
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<p>Company, regardless of whether the nature of the relationship to the latter concerns employment – ordinary or special senior executives positions – commercial relationships or leasing of services. Such relationships shall be compatible with the individual's capacity as a member of the Board of Directors.</p> <p>7. Remuneration shall be paid in arrears at month's end in such a way that the remuneration of each Director shall be proportional to the time that such Director carries out his or her duties during the year.</p> <p>8. - The Board of Directors of the Company shall draft an annual report on the remuneration of its directors, which include complete, clear and understandable information about the remuneration policy of the Company approved by the Board for the current year and as appropriate, planned for future years. The said report will also include an overall summary of how the remuneration policy was applied during the year and details of the individual remuneration paid to each of the directors. The report adopted by the Board will be disseminated and put to a vote in an advisory capacity and as a separate item on the agenda of the Annual General Meeting of shareholders.</p> <p>9.- The Company may also arrange civil liability insurance for its Directors.</p>	<p>Company, regardless of whether the nature of the relationship to the latter concerns employment – ordinary or special senior executives positions – commercial relationships or leasing of services. Such relationships shall be compatible with the individual's capacity as a member of the Board of Directors.</p> <p>7. Remuneration shall be paid in arrears at month's end in such a way that the remuneration of each Director shall be proportional to the time that such Director carries out his or her duties during the year.</p> <p>8. - The Board of Directors of the Company shall draft an annual report on the remuneration of its directors, which include complete, clear and understandable information about the remuneration policy of the Company approved by the Board for the current year and as appropriate, planned for future years. The said report will also include an overall summary of how the remuneration policy was applied during the year and details of the individual remuneration paid to each of the directors. The report adopted by the Board will be disseminated and put to a vote in an advisory capacity and as a separate item on the agenda of the Annual General Meeting of shareholders.</p> <p>9.- The Company may also arrange civil liability insurance for its Directors <u>in addition to other systems alternative or supplementary thereto. The Company may also afford liability coverage to the Directors, excluding in any case from such coverage any actions performed by the Directors in gross negligence or to the detriment of the corporate interest of the Company, excluding also the expenses or costs related to such actions in gross negligence or to the detriment of the Company.</u></p> <p><u>In any case, the amount of the coverage to be afforded by the Company shall be included in the maximum annual approved by the</u></p>
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<p>10.- The Board of Directors shall assemble as often as the interests of Company require, and at least quarterly, on the days agreed thereby or established by the Chairperson, who shall have the power to convene meetings whenever deemed appropriate. A meeting shall be called within the first fifteen days of any request in writing by at least one third of the members of the Board of Directors. Similarly, directors who constitute at least on third of the members of the Board of Directors may directly call a meeting, indicating the agenda for the meeting, in the place of the registered offices, when, without due cause, the Chairperson, fails to duly call a requested meeting within one month of said request.</p> <p>11.- The notices shall be sent by letter, telegram, fax or email, addressed personally to each director at least five days before the date of the meeting. However, when, in the opinion of the Chairperson, exceptional circumstances so require, the Board may be convened by telephone, fax or email, without observing the advance notice mentioned above.</p> <p>12.- The Meetings of the Board of Directors shall be validly convened when a majority of the members are present or represented therein.</p> <p>13.- The Directors may delegate, by written proxy, their attendance and vote to any other Director member of the Board of Directors, except the External Director who can only delegate in another External Director.</p> <p>14.- Board resolutions shall be adopted by an absolute majority of the votes of the Directors present in person and by proxy, other than in those cases in which a qualified majority is required by the Law, and shall be recorded in the relevant Minutes.</p>	<p><u>Shareholders' Meeting and established in the Directors' remuneration policy."</u></p> <p>10.- The Board of Directors shall assemble as often as the interests of Company require, and at least quarterly, on the days agreed thereby or established by the Chairperson, who shall have the power to convene meetings whenever deemed appropriate. A meeting shall be called within the first fifteen days of any request in writing by at least one third of the members of the Board of Directors. Similarly, directors who constitute at least on third of the members of the Board of Directors may directly call a meeting, indicating the agenda for the meeting, in the place of the registered offices, when, without due cause, the Chairperson, fails to duly call a requested meeting within one month of said request.</p> <p>11.- The notices shall be sent by letter, telegram, fax or email, addressed personally to each director at least five days before the date of the meeting. However, when, in the opinion of the Chairperson, exceptional circumstances so require, the Board may be convened by telephone, fax or email, without observing the advance notice mentioned above.</p> <p>12.- The Meetings of the Board of Directors shall be validly convened when a majority of the members are present or represented therein.</p> <p>13.- The Directors may delegate, by written proxy, their attendance and vote to any other Director member of the Board of Directors, except the External Director who can only delegate in another External Director.</p> <p>14.- Board resolutions shall be adopted by an absolute majority of the votes of the Directors present in person and by proxy, other than in those cases in which a qualified majority is required by the Law, and shall be recorded in the relevant Minutes.</p>
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<p>15.- The members of the Board of Directors shall have access at any time, either directly or through duly empowered legal representatives, to the accounting records of the Company for their own information.</p> <p>16.- The Board of Directors shall regulate its own procedure, accept the resignation tendered by the Directors and, should any vacancies arise during the period for which the members were appointed, the persons to fill such vacancies shall be designated from among the shareholders until the next Shareholders' Meeting is held.</p> <p>17.- The Board shall ordinarily assemble at the registered office although it may assemble elsewhere, within the municipal district of the registered office or otherwise, in Spain or abroad.</p> <p>The meetings of the Board of Directors may also be held remotely by teleconference, videoconference or other medium as may exist under the then-current state of the art which allow for the recognition and identification of the participants, ongoing communication among the attendees, regardless of where they are, and the registration of votes. Those attending any of the places mentioned shall be construed, for all purposes, as attending the meeting of the Board concerned. The meeting shall be deemed held in the place where the Chairperson is located.</p> <p>Additionally, if no member of the Board voices his or her opposition, voting may take place in writing without a meeting. In this case, the directors may cast their votes and include any considerations they wish to appear in the minutes by email or by other means.</p> <p>18.- The Board of Directors shall annually evaluate the functioning of the Board and its Committees, and based on its results, the Board of Directors shall propose a plan of action to correct the deficiencies found. The result of the evaluation shall be recorded in the minute of</p>	<p>15.- The members of the Board of Directors shall have access at any time, either directly or through duly empowered legal representatives, to the accounting records of the Company for their own information.</p> <p>16.- The Board of Directors shall regulate its own procedure, accept the resignation tendered by the Directors and, should any vacancies arise during the period for which the members were appointed, the persons to fill such vacancies shall be designated from among the shareholders until the next Shareholders' Meeting is held.</p> <p>17.- The Board shall ordinarily assemble at the registered office although it may assemble elsewhere, within the municipal district of the registered office or otherwise, in Spain or abroad.</p> <p>The meetings of the Board of Directors may also be held remotely by teleconference, videoconference or other medium as may exist under the then-current state of the art which allow for the recognition and identification of the participants, ongoing communication among the attendees, regardless of where they are, and the registration of votes. Those attending any of the places mentioned shall be construed, for all purposes, as attending the meeting of the Board concerned. The meeting shall be deemed held in the place where the Chairperson is located.</p> <p>Additionally, if no member of the Board voices his or her opposition, voting may take place in writing without a meeting. In this case, the directors may cast their votes and include any considerations they wish to appear in the minutes by email or by other means.</p> <p>18.- The Board of Directors shall annually evaluate the functioning of the Board and its Committees, and based on its results, the Board of Directors shall propose a plan of action to correct the deficiencies found. The result of the evaluation shall be recorded in the minute of</p>
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the related meeting or attached thereto as an appendix.	the related meeting or attached thereto as an appendix.
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Madrid June 2020.

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