

2020 ACTIVITY REPORT OF THE COMPLIANCE COMMITTEE OF CODERE, S.A.

1.- 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".*

Additionally, Recommendation number 52 suggests that any other supervision and control committees that the Board of Directors might have, should have the regulations of performance consistent with those applicable to the legal mandatory committees, which is also the reason to prepare the current Activity Report of the Compliance Committee for FY 2020.

This Annual Report of Activities of the Compliance Committee of Codere S.A., has been prepared by the Committee, and approved at the Board meeting held on February 24, 2021. 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, therefore, 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.

2.- REGULATION OF THE COMPLIANCE COMMITTEE

The regulation of the Compliance Committee of Codere S.A. is established in article 15 of the Board Regulation of Codere S.A.

Said article establishes that the Compliance Committee shall consist of at least three and no more than six members, designated by the Board of Directors, most of whom must be external Directors.

The Chairperson 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.

Lastly, said regulations state the main functions of the Committee.

III. COMPOSITION OF THE COMPLIANCE COMMITTEE

During 2020, the composition of the Compliance Committee has been the following:

Members	Class	Seniority on the Committee	Position
Matthew Turner	Independent	May 11, 2018	Chairman
Manuel Martínez- Fidalgo Vázquez	Nominee	May 5, 2016	Member
Masampe S.L. (D. Pio Cabanillas Alonso) ¹	Nominee	May 5, 2016	Member

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.".

The information on the members of the Audit Committee may be found at corporate website www.grupocodere.com.

a) Functions.

As provided in article 15 of the Rules of Procedure of the Board of Directors, the Compliance Committee has among its functions (and without prejudice to any other task assigned by the Board of Directors) the following:

- (a) *The monitoring of compliance by the Company and the Group of Spanish or foreign regulations 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.*

b) Functioning:

Said art. 15 of the Regulations of the Board establishes that the Compliance Committee will

¹ The seniority in the Committee is referred to the date of the appointment of the current natural persona representative of Masampe S.L, although this Company has been part of the Committee since June 10, 2010.

meet each time the Board of Directors requests a report or the approval of proposals within its remit, provided that, in the Committee Chairman's opinion, this is appropriate for the adequate pursuit of its purposes.

IV. FUNCTIONS AND TASKS PERFORMED DURING THE YEAR.

The main issues that have been discussed and analysed by the Committee during 2020, and that have shaped its main areas of supervision, are the following:

a) Analysis and suitability reports on Directors, Senior Managers and Key Employees.

In accordance with the General Compliance Plan of Codere Group, approved by the Board of Directors, the Compliance Committee must be informed of the suitability checks performed by the Corporate Head of Compliance, on the appointments of Directors, Senior Managers and Key Employees.

Based on said power, within 2020 the Compliance Committee has analyzed and later reported to the Board, on the suitability of:

- Those persons who were proposed by significant shareholders to be re-elected as Nominees Directors of Codere S.A.
- Those persons proposed by the Appointments, Remuneration and Corporate Governance Committee to be re-elected as Independent Directors of Codere S.A.

Additionally, within 2020 the Compliance Committee has resolved to simplify and clarify the process to analyse the suitability of any candidate to be a member of the Board of Directors of Codere S.A. or its Senior Management, by carrying out due diligence processes based on a risk matrix, and its subsequent regular updating.

b) Follow up on security systems and measures applied in the performance of the Company and Group's business, with periodic information received from the competent executives.

Within FY 2020, the Compliance Committee has recommended to the Board, updating the crime prevention model of Group Codere.

In developing this project, the Company has been supported by the external advisor Landwell-PricewaterhouseCoopers Tax & Legal Services S.L., who has been involved not only in the initial phase of diagnosis, but also in the risk exposure assessment, analysis of the controls and proceedings structure in place, the criminal risk map and the controls to establish the Action Plan that after execution, will comply with best practices model.

As a result of the abovementioned tasks, it was also agreed to propose to the Board of Directors, the incorporation of an Ethics, Antifraud and Criminal Compliance Committee and its appointment as the responsible body for the supervision and compliance with the implemented prevention model.

Additionally, the Committee also acknowledged the proposal to update the Code of Ethics and Integrity of Group Codere, in order to align it with the values of the Group, include some

requirements of the EU regulation on data protection of potential whistleblowers, simplify certain aspects, and proposed the repeal of the General Compliance Plan, given it contained information already included in other internal regulations, and complex proceedings which were not necessary.

All those recommendations were approved by the Board of Directors in its meeting held on November 2020.

c) Follow up on compliance and the control systems by the Company and the Group of regulations in money laundering matters.

Within 2020, the Committee has reviewed the control systems for the prevention of money laundering regulations on several occasions.

Firstly, the Compliance Committee was informed of the new Handbook for the prevention of money laundering and terrorism financing for the Spanish Business Unit, which includes the recommendations pointed out by the external expert report, in previous years.

Additionally, within 2020, the Compliance Committee was also informed on the calendar to implement those actions needed to automatize operations and controls, in connection with the payment of prizes, not only in the online business but also in the retail business.

d) Supervision a device that enables employees, clients, suppliers and other third parties with whom contractual relations are held, to inform of any irregularities that are potentially harmful, in a confidential manner and anonymously if deemed appropriate, particularly those of a financial and accounting nature, which may arise within the company.

In two occasions within 2020, the Committee analyzed the activity of the whistle-blower channel, breaking down those existing by country, and differentiating between whether they were anonymous or not, whether they corresponded to internal or external personnel, and on their state of processing. The Committee was also informed of the various types of complaints received and specifically in those received at the corporate level.

e) Other functions performed by the Committee.

Finally, the Committee has analyzed within 2020 the budget of the Compliance Department of the Group, and the human and economic resources it has, to develop its tasks.

5. NUMBER OF MEETINGS HELD IN THE YEAR AND NUMBER OF ATTENDEES, INCLUDING WHETHER OR NOT NON-MEMBER GUESTS WERE INVITED.

In FY 2020, the Compliance Committee held a total of 3 meetings.

100% of the members of the Compliance Committee attended its meetings throughout the year.

In addition, within FY 2020 several members of the management of the Company, and some external advisors, have attended the Committee as guests:

- Head of Compliance and General Manager.
- Spanish compliance Officer.
- Corporate compliance coordinator.

Additionally, and in connection with the updated Crime Prevention and Detection Model, members of Landwell-PricewaterhouseCoopers Tax & Legal Services S.L. attended the meeting held by the Compliance Committee on November 25 2020, to explain the tasks they had developed.

6. EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE COMPLIANCE COMMITTEE; METHODS TO APPRAISE ITS EFFICACY.

On an annual basis, as established by law, the functioning of the Board of Codere S.A. and of its committees is evaluated.

This evaluation is carried out without an external consultant, by the directors completing a form that contains eight questions on the functioning of the Committees, in addition to a section containing questions on the performance and contribution of each director, giving special attention to the Chairmen of the various board committees.

VII. CONCLUSIONS

Within FY 2020, which is the subject of the current report, the Compliance Committee has developed its powers in a regular and interference-free manner, applying the external and internal regulations in force.

To carry out its tasks, the Compliance Committee has been supported by the Head of Compliance and General Manager focusing on its tasks.

Members of the Compliance Committee consider that those functions, included in the Regulations of the Board of Directors, have been successfully fulfilled within 2020, focusing on its competences in relation with the anti-money laundering prevention, suitability of the persons engaged with Group Codere at the highest level and update and supervision of those systems and security proceedings applied by the Group, and more specifically, those referred to the Criminal Prevention Model.

VIII. DATE OF PREPARATION OF THE REPORT BY THE COMPLIANCE COMMITTEE AND OF ITS APPROVAL BY THE BOARD OF DIRECTORS

This report has been prepared by the Compliance Committee at its meeting of February 24, 2021, and is expected to be approved at the meeting to be held by the Board of Directors on February 25 2021, resolving its publication in the corporate website, sufficiently in advance of the date of the Annual Shareholders' Meeting.

Madrid, January 14, 2020