

Integrated Report

2020



codere

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Letter from the president

01

Dear readers:

This year, once again, we would like to inform you of the developments in our business, our policies, and our actions during an unusual, complicated 2020, in which the health crisis had a powerful impact on the entire world, slowing economic growth and testing the strength of organizations.

With this goal, we are presenting this Integrated Report, prepared under the strictest corporate reporting standards, in which we have sought to lay out the most relevant aspects of Codere's performance in its various markets.

As you well know, beginning in March, with the onset of the pandemic, 2020 revealed itself as the most uncertain, troubling year in our recent history. The restrictive measures implemented across the world to halt the spread of the coronavirus resulted in the sudden closure of Codere's on-site operations, causing a significant decline in the company's revenues and consequently its cash flow. In the face of these difficult circumstances, the organization was once again able to demonstrate its flexibility and adaptability, responding to the situation in a responsible, dynamic, and comprehensive manner.

We have been able to overcome this situation thanks, in part, to our Group's strong cultural values. As part of our comprehensive transformation process in recent years, we have been eagerly reinforcing these values, driven by the very essence of our organization. Our values are what make Codere a unique company. They consist of placing the customer at the center of our strategy; focusing on efficiency; working in teams committed to excellence, with integrity and transparency; and working with an innovative attitude, leveraged by technology.

Based on these pillars, from the very beginning the company deployed a committed, global, and effective response to the health crisis and successfully mitigated some of its effects.

First, it is worth noting Codere's effort to guarantee people's safety at all times, through general preventive measures that have been adapted to the specific circumstances and regulations of each country. The **Prevention Protocol** implemented in the group promotes teleworking throughout the organization, reinforces cybersecurity mechanisms,



Norman Sorensen Valdez | Non-Executive Chairman of Codere Group

and intensifies training and internal communication, through the creation of various tools that were specifically designed for this difficult moment. These tools include **Codere en positivo** and **Espacio positivo**, which have provided a meeting place, motivation, and a source of relevant information for dealing with the current situation and learning about the company's activities.

In addition, since on-site activities gradually began to reopen in May, Codere has prepared a **Protocol for Safe Return** to the gaming halls and workplaces and has set up an ad hoc committee responsible for the coordination, monitoring, and continuous improvement of these processes.

The Human Resources Department has worked to modify the company's structure to meet its changing needs, ensuring the optimal sustainability of the Group while maintaining the well-being and safety of our employees and customers.

In the financial realm, in March Codere approved a **Contingency Plan** with the goal of preserving its liquidity and responding to possible interruptions in normal business operations. At the same time, the company has worked hard this year to successfully complete a **Refinancing Operation**, which has enabled us to extend the maturity of our debt and

obtain additional funds to address the impact of the pandemic. This complex operation once again highlighted our bondholders' support for Codere and their commitment to our company.

Meanwhile, the company has organized a series of **donation campaigns**, proof of our commitment to responsibly contribute to the major challenges facing our society. The most significant donation has been our provision of our **Citibanamex** convention center in Mexico City, Mexico, for the creation of a temporary hospital for coronavirus patients. This hospital continues to support the country's authorities and provide care to thousands of people. Codere has also provided income supplements to its employees, in addition to the government subsidies available in each market, and has created an Employee **Solidarity Aid Fund** that has helped support a large number of our employees.

Despite the pandemic, at Codere we have continued to move forward with the **process of transforming** our business model, to make it more streamlined and more global. This year, Codere has continued to modify its structure in the Human Resources, Finance, and Digitalization and Information Technology areas. The company has also developed the One Finance, One People project and the IT Project Master Plan for the evolution of the digital function that accompanies this process of change.

Another of the outstanding milestones in 2020 was the updating of our **Corporate Social Responsibility Plan**, in order to respond to our stakeholders' expectations and needs and continue to provide the best user experience with the strongest guarantees, while minimizing any adverse effects that our activity could have on society.

In the case of our industry, overexposure due to increased advertising for online activity and public debates has caused an unjustified rise in social concern in some markets. This has resulted in the proliferation of arbitrary and extremely restrictive measures being applied to the industry, users and operators. This in turn requires us to work even harder to **share information about the industry and dignify it** by implementing and communicating the **best practices in responsible gaming**. We have also disseminated independent studies that use statistics to promote an accurate image of the industry and that contribute to the development of an appropriate regulatory framework based on reality, not on the myths that have sprung up around the industry.

In addition, Codere has published its new **Code of Ethics and Integrity**, which lays out the rules that must guide the behavior and decision-making

of each member of the organization. All company employees are being trained on this code to ensure that it reaches as many people as possible.

The pandemic has also given a strong boost to our online business, which has been experiencing a major growth trend for several years now. This year, we have continued to make the development of our online business a strategic priority, with very positive results and promising prospects. We have repositioned ourselves to adapt to new opportunities, by transforming our gambling platform, bolstering our marketing activity, and continuing to increase our online presence in regions that are gradually regulating this activity, while we strive to enhance our omni-channel coordination.

We have ended a very difficult year, but we hope that the end of the health crisis and the resumption of activity in most of our markets will allow Codere to not only return to normality in the future, but to do so with more strength and efficiency than ever before. Meanwhile, 2021 has begun with important challenges. The shutdowns and operating restrictions imposed in the last quarter of 2020 have been extended and tightened since early January in almost all of our markets, increasing the pressure on the company's liquidity and capital structure.

This is why our company has recently resumed its search for financial alternatives designed to strengthen its sustainability and allow it to better deal with all aspects of the consequences of the second wave of the crisis. We expect these efforts, with their resulting implications for shareholders, bondholders and the company itself, to be finalized in the coming weeks.

I trust that this Integrated Report will help you gain a better understanding of Codere's commitment, work, and culture. Finally, I would especially like to emphasize the enormous commitment shown by the Group's employees during this difficult year and the ongoing support of investors, suppliers, and customers, who give us the confidence to continue to improve and create value.

Warm regards,

Norman Sorensen Valdez
Non-Executive Chairman of Codere Group

Codere at a glance

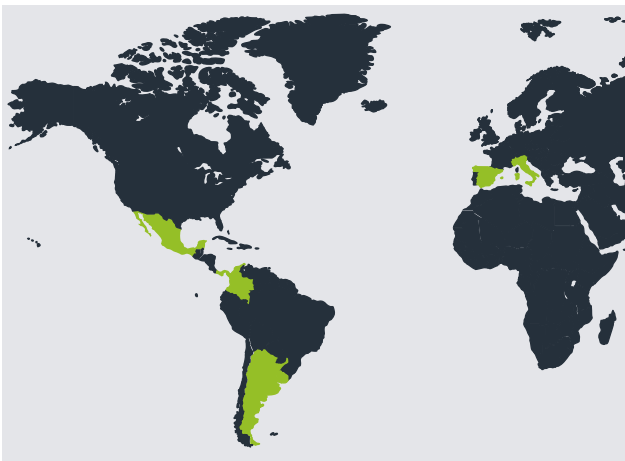
02

02.1

Codere in 2020

Codere is a Spanish multinational that is a leading player in the private gambling industry and the only Spanish company in the industry to be listed on the stock exchange.

With a 40-year history, the company holds a leading position in the main business lines and geographic areas where it operates. Codere carries out its activities with complete transparency, responsibility, and commitment to its stakeholders.



Business lines

Retail*



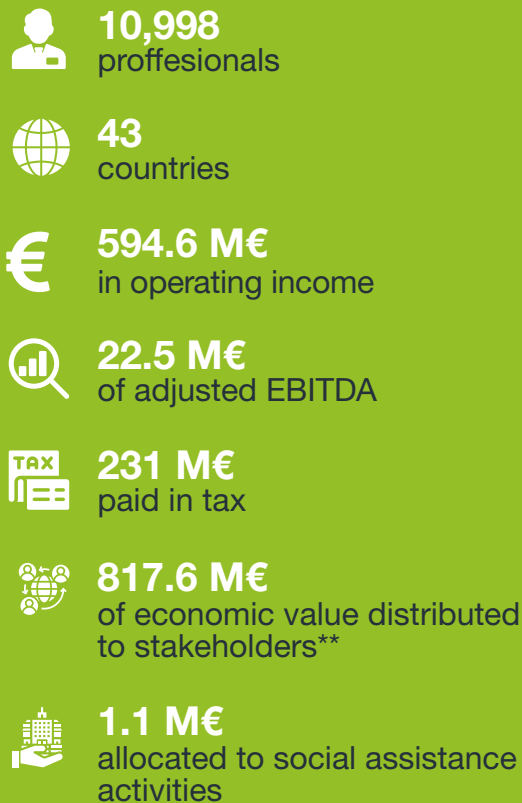
Online



Online gambling

Spain, Mexico, Colombia, Panama, Italy and Uruguay

Performance



*Activity figures as of March 31, 2020, before the impact of the pandemic.

**The economic value distributed to stakeholders includes payment to employees, purchases from and contracting with providers, payment of dividends to investors, payment of interest to financial institutions, and tax payments to government agencies.

02.2

Codere milestones 2020

As a result of the Covid-19 health crisis, many of the major milestones in 2020 were the result of actions taken by the company in response to this situation.

Beginning in March, with the start of the pandemic and the resulting restrictive measures implemented in many countries to curb the spread of the coronavirus, on-site operations gradually, temporarily closed and Codere activated a rapid, comprehensive response to the situation:



Implementation of a **Prevention Protocol**, which promotes teleworking throughout the company and reinforces its training and internal communication channels, as well as its cybersecurity mechanisms.



Activation of a **Contingency Plan** in order to maintain the company's liquidity position and ensure business continuity, and the start of its search for additional financing.



Creation of a **Financial Solidarity Fund** for employees and the contribution of the Centro Citibanamex in Mexico as a temporary hospital unit for Covid-19.



Promotion of the **Group's online business**, repositioning it by launching new products, improving its platform and technology, and strengthening related marketing activities.



Further development of Codere's **omni-channel project**.

Since May, Codere has gradually resumed its on-site activity by promoting initiatives such as the following:



Implementation of the **Safe Return Protocol** at gaming halls and workplaces.



Reduction of the Group's fixed costs by more than half during the closures, thanks to the Contingency Plan.



Successful **completion of the process of refinancing the company** and strengthening its cash position.



Reorganization of the IT, Personnel, and Economic/Financial areas, as part of the program to transform the group's global structure.



Presentation of the **Technological Projects Master Plan**.

02.3

Global presence

Codere, a leader in private gaming in seven markets in Europe and Latin America



Mexico

Since it began its operations in Mexico in 1998, Codere has been a pioneer in the industry and has maintained its position over the years. In this market, the company currently operates 95 gaming halls, the Americas racetrack, the Granja de las Américas family fun park, the Citibanamex convention center (converted into a hospital center for the care of coronavirus patients this year), and online gaming.



Centro Citibanamex (México).



Panama

Codere manages a wide range of businesses: gaming machines, 11 casinos, gaming halls, the Presidente Remón racetrack—the only one of its kind in Central America—and online gaming.



Uruguay

Codere began its activity in the country in 2002 and currently manages the Maronas National Racetrack, the Las Piedras racetrack, the Hotel Casino Carrasco, gaming halls, and online gaming.



Argentina

Codere is the biggest operator of gaming halls in the Province of Buenos Aires, where it began its operations in 1991 and currently runs 13 halls.



Colombia

Codere is one of the biggest operators of gaming machines in the country and one of the leading players in the bingo market. The company rounds out its gaming portfolio with the management of casinos and online gaming.



Spain

This is the home of Codere's business. The company is a leading player in on-site sports betting and the second biggest gaming machine operator in the country, as well as running online gaming operations.



Italy

In Italy, Codere runs an important network connecting gaming machines and an arcade machine operation. It is also the leading operator in the bingo industry and offers online gaming.



Our business

03

03.1

A renewed and sustainable business

Codere is a multinational group devoted to entertainment and leisure. It is a leading player in the private gaming industry, with four decades of experience and with presence in seven countries in Europe (Spain and Italy) and Latin America (Argentina, Colombia, Mexico, Panama, and Uruguay). The company is the only listed Spanish company in the industry. It conducts its business with complete transparency, responsibility, and commitment to customers, investors, employees, regulators, and other stakeholders.

The company began its business in 1980 as a slot machine operator in Spain, in the region of Madrid. Since then, it has diversified its activities in the gaming industry and has become a leading player in the entertainment industry. Today, the Codere Group:

- Is the only company in its industry listed on the stock exchange in Spain.
- Is the leading player in the industry in Latin America.
- Is one of the main operators of AWP machines and on-site sports betting in Spain.
- Has a very broad customer base, which it connects to through a range of products and differentiated channels.
- Has a solid operating profit and history of growth.

Codere began its business in 1980 as a slot machine operator and today it has become a leading player in the entertainment industry

Codere Group has 10,998 employees as of year-end 2020. These employees are committed to providing their customers with entertainment products and services that give them experiences related to their motivations, through the various options offered by the company: slot machines, gaming halls, sports betting, racetracks, and online gaming.

In 2018, Codere initiated a profound, comprehensive change of the cultural foundations of the company, strengthening its values of transparency, integrity, excellence, innovation, efficiency, and a clear commitment to customers. This shift was reflected in a renewed corporate visual identity that was used by the company to reinforce its online strategy. The logo was redesigned and simplified with a more modern, recognizable font, and the company promoted a unique, global brand to express itself in a more solid, direct way.

At the same time, the company accompanied this process with the start of a structural transformation, to move toward the global integration of the group and to favor synergies and dynamism. As part of the necessary adaptation to an increasingly international, competitive, and online environment, the company improved its operational capacity and its ability to generate profits, while increasing the efficiency of its management processes.

In 2020, the company continued to move forward with this model, with the new organization of its IT area and the transformation of the Human Resources and Economic/Financial areas.

The Group's current operating model is simpler and more integrated, providing a strong role for the business areas and strengthening the functional areas and institutional teams. The operational and functional management of the business is in the hands of three regional Chief Operating Officers (COOs), while external and institutional relations are the responsibility of the regional managers and country managers in each region and country. Management is supported by management committees, centers of excellence, and shared services centers in order to promote synergies throughout the organization.

Likewise, the foundations of the strategy proposed by the Group with respect to its identity, purpose, vision, and values have been incorporated into Codere's day-to-day operations and have been taken up by the entire organization as part of its culture.



Purpose

To provide emotions to those who choose an entertainment experience based on gaming in a safe environment. To be betting, emotion, fun, excitement, closeness, safety, confidence, and social responsibility!



Vision

- To be leaders and pacesetters and to create trends.
- To cast light on our industry and dignify it.
- To see the spark in the eyes of our people, giving them opportunities to grow and develop.
- To exceed our shareholders' and investors' expectations.
- To develop our people and the local communities where the group has operations.
- To maintain appropriate and transparent relations with the authorities.
- To promote sustainability.



Values

- To put the customer at the center.
- With integrity and transparency.
- Working in teams committed to excellence.
- With an innovative approach leveraged by technology.
- With an emphasis on efficiency to ensure our viability.

Codere, a brand in constant evolution

Codere has redoubled its efforts to strengthen its corporate visual identity, which was one of the main objectives of its process of cultural transformation. The company has succeeded in bringing its new visual identity more in line with the group's values. This visual identity has become a unique, global brand and has been applied consistently in all of the countries where it operates.

In order to continue to achieve greater brand awareness, connect directly with the public, and differentiate itself from the competition, in 2020 the company continued to develop initiatives in this area, including the following:

- The launch in Spain and Mexico of the ***El fútbol es descomplicado, like Codere (Soccer is Easygoing, like Codere)*** advertising campaign, which expands the target to a broader user profile—not just young people, but more mature players who enjoy betting and enjoying sports. The campaign has attracted new audiences through advertising that successfully expresses Codere's brand values, while speaking in the language of responsible gaming and including insights from the world of soccer.
- The transformation of Mexico's Las Americas racetrack into Real Madrid's Santiago Bernabéu Stadium, a unique event where fans were able to experience the excitement on an enormous screen. Throughout 2020, **Codere's strategic alliance with Real Madrid C.F. continued to be fundamental for the Group**, in its strategy to reinforce the brand's visibility, purpose, and values.
- The launch of the ***Mister Underdog*** program, a forum for learning everything about soccer, distributed by Codere on its online platforms. This innovative project offers additional entertainment related to soccer, which has allowed Codere to design its own ad hoc content and streaming. The success of this format, which has allowed the company to reach agreements with major distribution platforms such as AS.com, will lead it to be replicated in other countries where Codere operates over the coming year.
- On February 16, 2021, Codere signed a sponsorship agreement* with the **Monterrey Soccer Club (Rayados)**, which will apply for the next four seasons of the Mexican League, until

2025. With this new engagement, Codere has taken another step forward in its international growth and sports betting, together with the Rayados Soccer Club. Codere and the soccer team share the values of responsible gaming and fair play, both on and off the field. This new agreement also allows the company to move forward in its strategic branding project, thanks to the appearance of the brand in the various marketing and promotional actions that are planned.

In this way, Codere's efforts to reinforce its new brand have continued to yield excellent results. According to surveys carried out by external consultants, Codere has attained a **51% increase in customer appreciation of its brand** in both the online and retail markets in just one year. In addition, this growth is reflected in the high likelihood that customers will recommend the company, as shown by the NPS (net promoter score) index, which measures customer satisfaction and loyalty, where Codere surpassed all other operators in 2020.



* As a summary, Annex III of this report presents a table including all of the organizations with which Codere has carried out sponsorship actions in 2020, as well as other organizations with which it has collaborated on social action or industry initiatives.

A model of sustainable growth

The **2018-2021 Strategic Plan** approved by Codere continued to structure the process of the company's transformation in 2020.

In 2020, in spite of the difficulties faced as a result of the Covid-19 crisis, the Codere Group continued to carry out specific activities. The company made major strides in its transformation strategy to maintain and strengthen its leadership in the main markets where it operates, focusing its activity on the five pillars defined in the *2018-2021 Strategic Plan*.



Customer-centric

- Move forward in our management model, which places customers at the center of our strategy, to offer an experience that is more relationship-based than transactional.
- Knowledge, care, and respect for users and their needs, thanks to a deeper, more streamlined, and more online connection.
- Codere continues to implement advanced techniques to analyze customers' data and behavior, as well as formulas to differentiate and segment users in order to provide segmented entertainment to each user.



Omni-channel

- Omni-channel coordination seeks a continuous relationship with customers, which can begin in one channel and end in another with continuity in communication, experience, or sales.
- The company has continued the process of redefining, designing, selecting, and improving all of the channels through which customers connect to Codere Group, with the goal of improving the combination of customer's on-site and online experience.

2020 has demonstrated **the importance of online operations**. The company was able to take advantage of the pandemic crisis to give a major boost to its online activity, and in this way deepen its commitment to **omni-channel coordination**.

We can see a clear example of this phenomenon in **Panama**, where in October 2020, the company **enhanced and modernized its horse betting options**. Users can now register and open an online account to place bets and collect prizes on the internet, under strict security measures. In addition, in 2020, new online systems were incorporated for adding money to sports betting accounts, thereby strengthening and modernizing this activity.

In **Colombia**, Codere incorporated **live casino games**, recently approved by Coljuegos (the governmental industrial and commercial company that administers the profit-making monopoly over games of chance). This has allowed the company to continue to offer entertainment to users who could not find it in gaming halls due to the pandemic.

On the other hand, **Codere Italy** activated its online gaming license in December to operate directly in the country as *codere.it*. The company had already had the concession since February 15, 2019, and had operated through third parties since then. However, the direct operation of online gaming in Italy reinforces Codere's strategy of expanding its online business in all of the countries where it operates. In developing this project, Codere Italy collaborated with its partner Microgame, which will support the company in both the gaming platform and in the development of sports betting. Thanks to its partnerships with the largest suppliers on the market, Codere Italy will offer an extensive range of online casino games, live casino, horse racing, bingo, video poker, card games, scratch cards, and lottery games.

The Covid-19 crisis has shown retail customers that the online channel did not “cannibalize” their on-site gaming opportunities, but quite the opposite, it expanded their possibilities. Although Codere’s customers have not been able to visit our establishments for months, **omni-channel coordination has helped them quickly adapt** to this new environment, expanding their entertainment options with an identical product, but with different access to it. 2020 has clearly revealed that Codere’s customers show a growing preference for having the same gaming opportunities in both retail and online channels.



Digitization

- Use technology intensively to enhance and encourage interactions with customers, gathering information about every action and decision made by customers in order to segment, customize, and improve their experience.
- Simplify and automate back-office activities to make them more streamlined and efficient. Monitor online activity to prevent high-risk behavior.



Capital and operational efficiency

- Simplify and globalize the organization to make it more dynamic and adaptable to a changing environment that is becoming more and more global, challenging, and online.
- Optimize the capital and financial resources structure, in terms of both investment in growth opportunities and operational financing, which will give the company greater long-term stability for its business.
- Establish a strict process for the selection of opportunities based on returns on investment, using criteria that allow us to compare opportunities in various geographic regions, and with rigorous processes for approvals by an Investment Committee and by the Board of Directors, where appropriate, followed by close monitoring of the execution of each project.

As part of its strategy to simplify and globalize the company, this year Codere opened **subsidiaries in Malta and Gibraltar** for its online betting division. By opening these two new subsidiaries, Codere is adapting to an increasingly global, challenging, and online environment.

- The Gibraltar subsidiary was created to coordinate the Group’s international marketing services within the online business. It was especially designed to ensure coordination in the event of license developments that would allow Codere to operate in foreign markets where it does not yet have a presence.
- The Malta subsidiary is dedicated to remote gaming of any kind, and to facilitating and supporting relationships between online games.

In addition, in March 2020, Codere approved a **Contingency Plan** with the goal of preserving and maximizing liquidity, as well as guaranteeing the company’s business continuity during interruptions in its business of several months. The **Contingency Plan** is discussed in greater depth in Chapter 06.02. *Value Creation for our Shareholders and Investors.*



Consolidation in strategic markets

- Focus on markets with proven competitive advantages, track records, and high barriers to entry.
- Grow in fragmented markets, with a large presence of small operators that have problems keeping up with growing technological and compliance requirements.
- Identify vertical growth opportunities in the markets where we operate.
- Continuously reassess and test our profit analysis models.

As part of Codere's goal of gaining a consolidating position in strategic markets, in 2020 the company was approved for the initial phase for obtaining an online gaming license in the city of Buenos Aires, which the company expects to receive in 2021.

At a time of extreme difficulty for the gaming industry and, in particular, for slot machine operators, Codere is committed to forming alliances to face the challenges of the market with determination. Therefore, as part of the *Integration and Efficiency Management Plan* in Italy, Codere has launched **Codwin**, a distribution unit for AWP machines in the Italian market, which arose out of the merger of Gap Games and FG Slot. This new division, which has been fully operational since July 2020, is part of a search for greater efficiency in response to the impact of Covid-19 on the country.

Thanks to this operation, the company has provided a model of management integration and efficiency that can serve as an example for other companies that want to continue to operate under standards of trust and legality and that have a long-term project to share with Codere.

03.2

A strategy adapted to the environment

In 2020, Codere continued with the process of integration and transformation of its organizational model, to make it simpler and more global. The company made strides in 2020 with a new organization of its IT area and the transformation of the Human Resources and Financial areas.



This Group's organizational model segments the retail business through three COOs: one for the Americas, another for Spain, and another for Italy, given the specific characteristics of the on-site business in the Italian market. The retail COOs are responsible for the operational management of all of the on-site businesses in their region. In addition, the company has maintained a COO exclusively for the online business.

On the other hand, the positions of regional managers have been created, one for Europe, another for Latin America (except México), and another regional manager specifically for Mexico, given the importance of this market for Codere Group. Among other matters, the regional managers will focus on institutional work, the implementation of a CSR Plan, and the acquisition of new opportunities in their regions.

To support operations, an important role has been given to the cross-functional areas, specifically Human Resources, IT, Finances, and Security, whose international coordination activities are carried out together with the country managers.

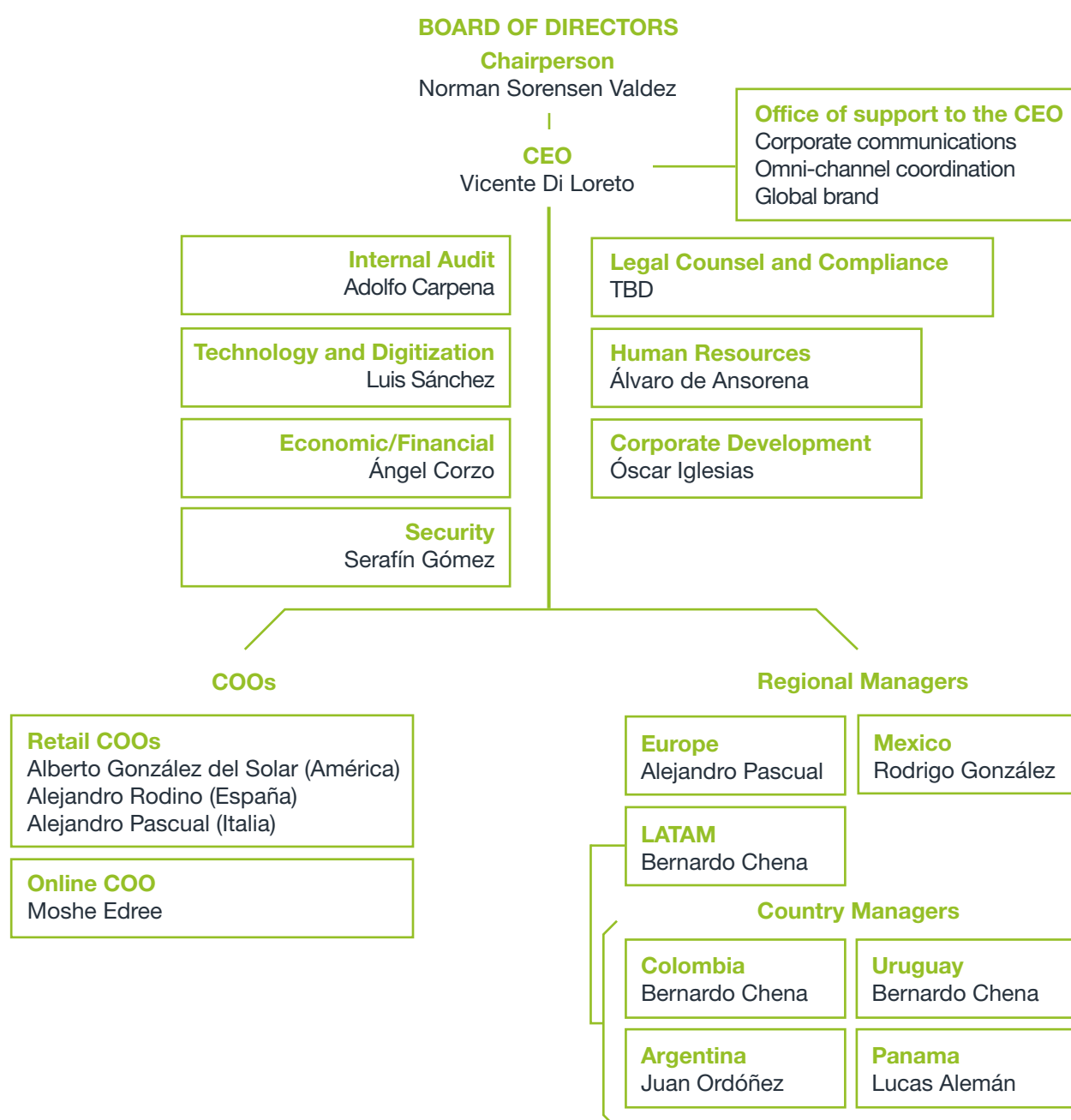
Finally, in order to assist the CEO in promoting the most strategic aspects, we have maintained an office to support the CEO, with responsibilities in matters involving corporate communications, global branding, and omni-channel coordination.

In 2020, Codere Group implemented a new organizational structure for the IT area, focused on the various countries, on the online business, and on the innovation required in the medium and long term. This new structure responds to Codere's need to move forward in its strategy to simplify, standardize, and digitalize the technological solutions and processes involved in its online and on-site businesses, as well as its functional and support areas. It also supports the essential development of omni-channel coordination and the customer-centric approach.

Codere advances in the development of omni-channel and the customer-centric approach

03.2.1

The company's functional organization chart



* Note: Organization chart as of January 20, 2021

03.2.2

Business lines

During its four decades of activity, Codere has maintained its commitment to provide its customers with excellent entertainment and leisure services. This is shown by the fact that there are now 1,650,507 users registered for its online games worldwide, while the number of customers in the retail channel is close to three million.

In addition, users can enjoy the entertainment services provided by Codere Group through two channels, retail and online, and through an omni-channel experience.

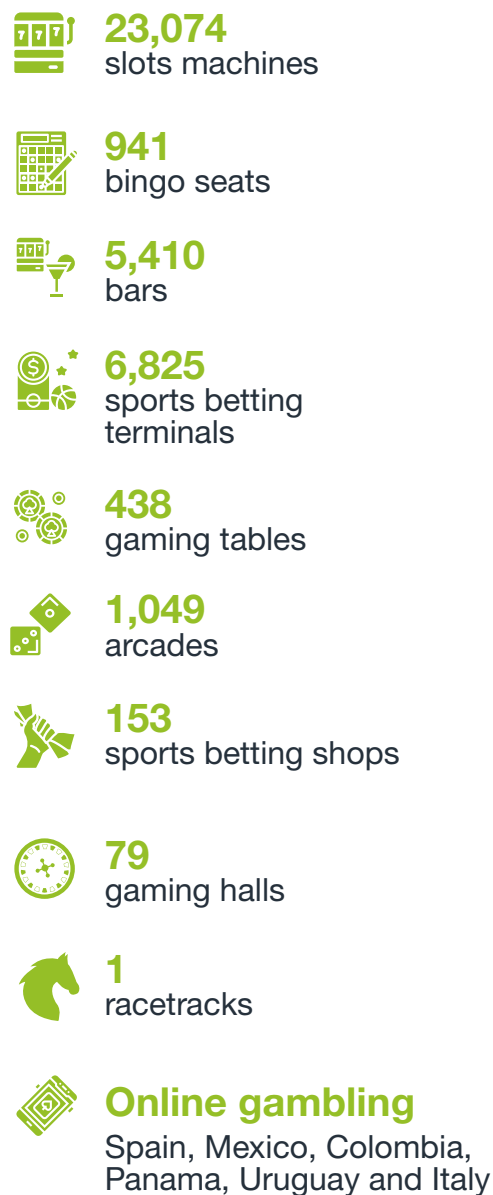
Thus, when online customers play on-site or vice-versa, the company can identify them as omni-channel and treat them differently from other customers, communicating a unified message in terms of gaming experience, promotions, bonuses or activities.



The following are the main figures describing Codere's business lines and operations as of **March 31, 2020**, prior to the disruptions caused by Covid-19, when there were no operating restrictions:



As of **December 31, 2020**, after a year in which the company's business was continuously impacted by the pandemic, Codere's operations were as follows:



03.2.3 Worldwide presence



Codere is an international leader in the private gaming industry and operates slot machines, gaming halls, arcades, sports betting, racetracks, and online gaming, with presence in Europe (Italy and Spain) and Latin America (Argentina, Uruguay, Mexico, Colombia, and Panama). At present, its main area of business is gaming machines, which represent more than 85% of its gross profit.

In order to reduce its risk exposure, the company is pursuing geographic diversification of its risk. In 2020, its core markets (Argentina, Mexico, Spain, and Italy)

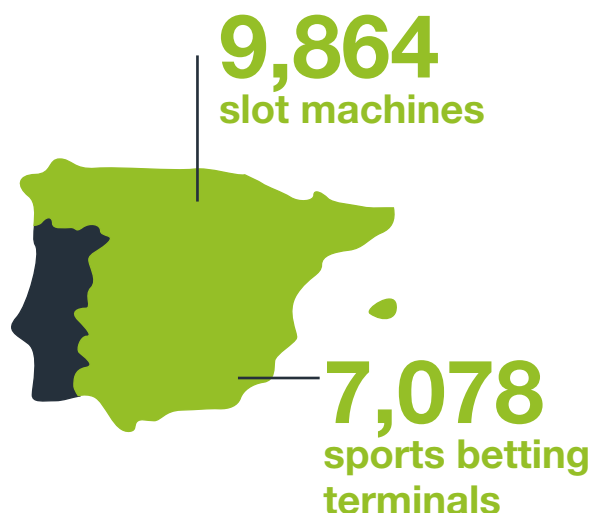
Data as of March 31, 2020, before the impact of the pandemic.

represented 16%, 12%, 20%, and 26% of the group's total revenue, respectively. In 2020, only Uruguay, Spain, and Online contributed to the company's adjusted EBITDA (post IFRS 16), accounting for 84%, 76%, and 44%, respectively. The adjusted EBITDA of the remaining countries was negative at year-end 2020.

Despite the health crisis caused by Covid-19, in the final months of 2020, Codere had resumed its on-site activity in all its markets, with the exception of some regions of Mexico (representing one third of the installed capacity in the country). These reopenings helped deepen the Group's optimism regarding the management of the crisis and its strategy for the future. Codere was able to achieve revenues of nearly 70% or 80% of 2019 levels weeks after reopening, which again demonstrates the strong capacity for reaction and recovery of the company's business.

However, in the last months of the year, this trend of revenue recovery was negatively affected by the temporary closures and restrictions ordered by governments in the various markets, as a result of the second and third waves of Covid-19. This affected revenues for the last quarter of 2020 and our expectations for recovery in 2021.

The most relevant temporary closures took place in late December in Mexico City; in Italy, where the government ordered the closure of all gaming activities from early November through January 15, eventually extending these closures through March 5; in Panama, where the executive branch ordered the closure of gaming activities from January 12 to March 15; in Colombia (mainly in Bogota); and in Spain, where temporary closures, tighter operating restrictions, and curfews have been imposed in every Spanish region. Below, we list the main characteristics of Codere's business in each of its markets:



Spain

Codere is the number-two operator of slot machines in Spain and the leading player in the on-site sports betting market. The group operates in every Spanish region and has a significant online presence. The company operates Spain's largest bingo hall (Bingo Canoe) as well as other gaming halls.

Operations

Codere's business in Spain comprises the traditional slot machine segment, sports betting, online gaming, and, to a lesser extent, the operation of gaming halls, where in addition to traditional slot machines there are other products such as electronic roulette tables sports betting terminals, and bingo seats. As of March 31, 2020, before the temporary closures caused by the pandemic, Codere was operating a total of 9,864 slot machines, 1,064 bingo seats, and 7,078 sports betting terminals at three gaming halls, 7,067 bars, 1,036 arcades, and 58 sports betting stores.

Due to Covid-19, on March 14, the government ordered a *state of emergency* in Spain and therefore the closure of gaming activities, bars, and restaurants.

As of September 30, 2020, after the operational restrictions had been lifted and all operations had gradually resumed since early June, the company was operating 9,497 slot machines, 639 bingo seats, and 6,611 sports betting terminals at three gaming halls, 6,789 bars, 1,006 arcades, and 46 sports betting stores.

Adjusted EBITDA (post IFRS 16) amounted to €17.2 million in Spain in 2020. This business unit

Data as of March 31, 2020, before the impact of the pandemic.

accounted for 20% of the group's consolidated income.

In this regard, and despite the impact of Covid-19 on the company's business in 2020, adjusted EBITDA (IFRS 16) in the third quarter was already higher than in the third quarter of the previous year, in spite of a 17% decrease in revenues. This was thanks to significant cost savings that in large part resulted from the **Contingency Plan** approved by Codere Group to deal with the effects of the pandemic crisis. This successfully reduced the company's fixed operating costs (mainly personnel costs, as a result of temporary layoffs (ERTE), as well as rent and gaming fees) by 66% in the second quarter and a 27% in the third quarter. The deferral of gaming taxes (which are fixed taxes in Spain) also contributed to a 33.1% reduction in this cost line.

However, this trend of recovery and revenue generation has been weakened since October, when a new *state of emergency* was declared and the government implemented stricter national and regional measures such as temporary closures, curfews, and tighter restrictions on capacity and opening hours, affecting mainly bars and restaurants. The recovery trend was especially hindered after Christmas, following the rise in infections. This has caused fluctuations in the group's ability to operate in all regions.

Mexico

Codere is the largest gaming operator in Mexico. Before the beginning of the pandemic, as of March 31, 2020, the company operated a total of 21,401 slot machines, 742 sports betting terminals, and 10,965 bingo seats at 95 gaming halls, 93 sports betting stores, and one racetrack, as well as online gaming. The company also holds a license, renewed in 2018, to operate the Las Américas entertainment Complex in Mexico City which encompasses the Las Américas racetrack, the family park Granja de las Américas, and Centro Citibanamex, Latin America's largest convention center (which is being operated by CIE [Compañía Interamericana de Entretenimiento] under an outsourcing agreement executed on June 1, 2013 and renewed in 2019).

Operations

Codere's core business in Mexico is the creation and management of gaming halls where it operates slot machines and, in some cases, gaming tables, bingo, and sports betting. The company also has incipient online activity across the country. The business

is conducted mainly through AMH, in which the company has an 84.8% stake; and Codere Mexico, a wholly-owned subsidiary. Between each of these companies' subsidiaries, Codere holds 135 permits to operate gaming halls. Those permits terminate between 2027 and 2048.

In spite of the health crisis caused by Covid-19, Codere's gaming halls (with the exception of those located in the State of Mexico, which have remained closed since the beginning of the pandemic) gradually reopened beginning in June. At the end of November, there were a total of 63 gaming halls in operation (after the reopening, among others, of the Mexico City halls on October 12). The Las Américas racetrack also resumed operations on October 2. Most of the gaming halls are operating under various restrictions on their capacity or operations, as specifically determined by each state.

However, in mid-December, due to the worsening of the pandemic, additional temporary closures took place in Mexico City and some other regions, which has resulted in a significant reduction in the number of our gaming halls in operation, to a total of 30 as of January 18, 2021. In terms of profitability, as a result of the impact of Covid-19 on the business, adjusted EBITDA recorded losses of €1.1 million (post IFRS 16) in 2020, due to a significant reduction in revenues caused by closures.

Codere's market share is estimated at 26%. This business unit accounted for 16% of the group's consolidated income.



Data as of March 31, 2020, before the impact of the pandemic.

Argentina

Codere Group is the largest gaming hall operator in the Province of Buenos Aires. Before the pandemic (as of March 31, 2020), it operated a total of thirteen gaming halls, 6,861 slot machines, and 11,692 bingo seats. Codere's gaming halls are located primarily in and around Buenos Aires (Greater Buenos Aires), where the company operates eight halls; the tourist city of Mar del Plata, where there are four gaming halls; and the provincial capital of La Plata, where there is one hall.

In 2020, Codere came one step closer to online betting in the City of Buenos Aires. At present, the government of the City of Buenos Aires, through its agency for the administration of games of chance, LOTBA (Lotería de la Ciudad de Buenos Aires), has approved the *Program for the Implementation of the Online Gaming Platform* submitted by Codere (which includes its implementation plans). The next steps for online gaming in this country are pending confirmation in 2021.

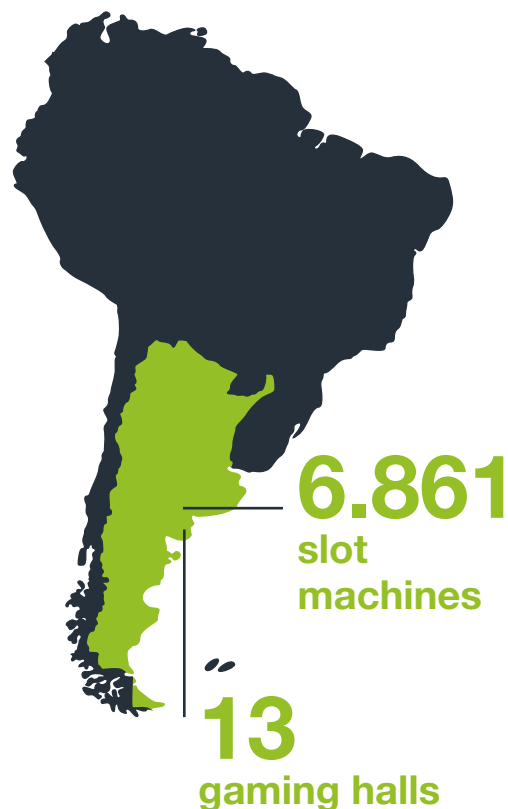
Operations

Codere's operations in the country are carried out through bingo licenses (one per hall), which are due to terminate in two cycles, the first running from 2021 to 2024 (eight licenses) and the second from 2028 to 2029 (five licenses). In these halls, we operate slot machines as well as traditional bingo games.

Due to the situation caused by Covid-19, the Argentinian business unit has remained closed since March 16, which has caused a decrease in adjusted EBITDA of nearly 100%, due to the lack of revenues in the second and third quarters of the year.

On December 14, 2020, the government of the Province of Buenos Aires authorized the reopening of the group's thirteen gaming halls. Although their operation was subject to certain restrictions, the initial performance of the Argentinian market has been quite positive, with a total of 13 gaming halls and 3,431 slot machines operating as of December 2020, 13.

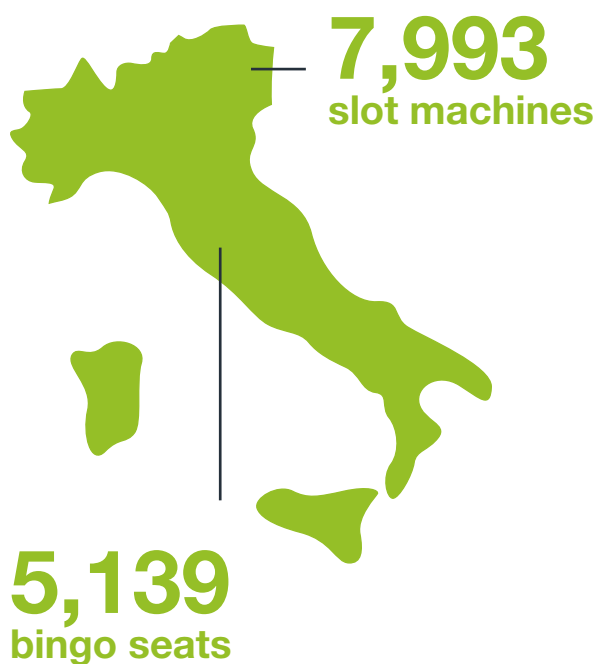
The company's market share in this market is estimated at close to 42%. This business unit accounted for 12% of the group's consolidated income.



Data as of March 31, 2020, before the impact of the pandemic.

Italy

In Italy, Codere is one of the largest operators, with a total of eleven bingo halls (with 5,139 seats), 2,125 bars, and 7,993 slot machines as of March 31, 2020, before the temporary closures caused by the pandemic. It is also one of the 11 network license holders operating in this market. There were 13,610 slot machines, a mix of own and third-party machines, connected to this network as of March 31, 2020.



Operations

The bingo business is operated through 11 licenses, one per hall. Those licenses are being operated on a temporary basis until the government determines the new concession regime, pending since 2016. The license held by Codere Network and the video-lottery terminal (VLT) licenses expire in March 2022.

Over the past few years, Codere's Italian business suffered significant regulatory and tax impacts. In particular, the enforcement of the 2016 Stability Act translated into a decrease of nearly 30% in the number of the company's machines. The gaming tax (PREU) for VLTs and AWP's also rose considerably. As a result of Covid-19, all of the group's gaming halls and its retail business were closed since early March and started reopening gradually from mid-June. As of September 30, 2020, Codere was already operating a total of nine gaming halls, 2,008 bars, 7,043 slot machines, and 2,280 bingo seats, with 12,669 slot machines, including both third-party machines and its own machines, connected to the network.

The strong impact of the health crisis in Italy has forced this business unit to redouble its efforts to cut costs and increase the efficiency of its operations in the face of falling revenues. However, the closure of gaming activities has caused €3.9 million of losses in adjusted EBITDA (post IFRS 16), as a result of the three months of complete shutdown of operations between mid-March and mid-June, followed by the closure in early November. This business unit accounted for 26% of the group's consolidated income.

Since the end of October, Codere's business in Italy was affected by additional temporary restrictions and closures in some regions as a result of the second and third waves of the pandemic, until the Italian government finally ordered the closure of all gaming activities from early November through March 5, 2021.

Data as of March 31, 2020, before the impact of the pandemic.

Other countries

As of March 31, 2020, before the temporary closures caused by Covid-19, the company operated a total of eleven casinos, one racetrack, eight sports betting stores, 2,890 slot machines, 49 sports betting terminals, and online activity in Panama; nine gaming halls, 132 arcades, 59 betting stores, 4,340 slot machines, 567 sports betting terminals, and online activity in Colombia; and in Uruguay, the Casino Carrasco business and HRU, which includes six gaming halls, 27 betting stores, 2,297 slot machines, 27 sports betting terminals, and the Maroñas and Las Piedras racetracks in Montevideo. The group's operations were closed beginning in mid-March as a result of the pandemic. In Panama, the racetrack resumed operations on October 1 and the gaming halls began operating on October 12. As of October 30, 2020, Codere was operating a total of nine casinos, seven betting stores, 1,707 machines, 47 sports betting terminals, and the racetrack.

In Uruguay, the racetrack began operating on May 15 and the HRU and Casino Carrasco halls resumed operations on August 6, subject to certain operating restrictions. As of December 31, 2020, Codere was operating a total of six gaming halls, 25 betting stores, 1,471 slot machines, 25 sports betting terminals, and the two racetracks (although only until December 21, due to another temporary closure).

In Colombia, our gaming halls and arcades reopened in early September (with the exception of Bogota, which reopened on October 1). As of October 31, 2020, a total of nine gaming halls, 115 arcades, 39 sports betting stores, 2,796 slot machines, and 481 sports betting terminals were operating.

Adjusted EBITDA decreased by 63% as a result of the combined drop in revenues in Panama and Colombia due to the closure of operations since March.

The company's operations have been impacted since the final months of 2020 and early January 2021, due to worsening developments in the

pandemic. In Uruguay, the racetrack temporarily closed, from December 21 until January 10, 2021.

In Panama, additional temporary closures have been implemented since late December (mainly in Panama City), which led the gaming halls to gradually close until in mid-January there were only three halls in operation, followed by the racetrack, which resumed operations on February 8. In Colombia, since additional temporary closures were implemented in early January 2021, mainly in Bogota, the company has been operating at around 50% of its installed capacity in the country.

A commitment to responsibility

04

04.1

Responsible strategy

Codere is firmly committed to offering the best entertainment experience, carrying out its activities in a responsible manner, and minimizing the potential adverse social impact of its entertainment services by implementing best practices, fostering transparency, and promoting public policies that protect users, protect vulnerable groups, and ensure the sustainability of the industry.

In order to mainstream, homogenize, and promote the corporate social responsibility actions carried out in the Group's various business units to date, Codere has worked throughout the year to update its **Corporate Social Responsibility and Responsible gaming Plan**, based on an exhaustive analysis of its stakeholders' needs and expectations for the industry and the company.

Codere places its commitment to responsible gaming at the heart of its strategy

This plan lays out and consolidates the actions in different markets and strengthens them with a strategic project, which has been prepared by the **Institutional Relations Committee** formed for this purpose. The committee is made up of the company's highest level of management (regional managers), heads of the main corporate areas, under the leadership of the Group's CEO, Vicente Di Loreto, and with advice from external experts in the field.

Following a detailed analysis of Codere's main stakeholders, this committee has established priorities, positions, and guidelines for actions in the main areas of interest. It will now be responsible for implementing and monitoring the various actions included in the plan.

The *Corporate Social Responsibility and Responsible gaming Plan* reflects the company's determination to implement best practices and promote regulations with the strongest possible protections, beyond mere compliance with existing legislation. The company approaches gaming as healthy entertainment and ensures the greatest protections possible for players.

Therefore, the company's *CSR Plan* sets out the positions that will provide the basis for the Group's actions and establishes a set of measures to promote responsible gaming.

Furthermore, this year the company has strengthened **its actions expressing its commitment and responsibility to the communities where it operates**, in the understanding that we can only minimize the impact of the pandemic if we work together, uniting our resources and our efforts.

04.2

Corporate Social Responsibility and Responsible gaming Plan

The *Corporate Social Responsibility and Responsible gaming Plan* implemented in 2020 not only redoubles the company's commitment to responsible management, but also intensifies the actions carried out by the Group thus far.

In developing the plan, **the company has carefully listened to and analyzed its stakeholders' perspectives and demands, in order to prioritize them and establish positions and guidelines for action** in response. The company is motivated by a desire to respond to the market in the best possible manner and to minimize any adverse effect that its activity could have on society.

After analyzing the expectations, concerns, and needs of its external stakeholders, Codere has identified the following priority issues and has established its position on these issues:



Regulation of advertising



Planning of gaming establishments



Control of access to gaming



Reputation of the industry



Protection of vulnerable groups

04.2.1

Regulation of advertising

Codere understands that inadequate regulation of gaming advertising could result in overexposure to available gaming activities, which would undermine effective protection for vulnerable groups—especially minors—and cause unnecessary public alarm.

The company advocates restrictions on gaming advertising based on objective criteria, regardless of whether the operator is public or private.

To this end, Codere's primary proposals are:

- To enact regulations that **reconcile the public interest with the sustainability of operating companies**, ensuring that gaming remains a source of entertainment for consumers in a safe environment.
- To require that advertising for **games of chance**, both on-site and online, be **clearly identified, recognizable, truthful, and not misleading or confusing** to users. Moreover, Codere advocates for advertising with a sense of social commitment, which does not trivialize gaming or minimize its possible adverse effects, and which protects consumers against the risks of non-responsible behavior.
- **Not to target minors in advertising for gaming activities**, or design or disseminate advertising so as to make it attractive to minors.

- To regulate promotional activities for games marketed by operators. Operators should be able to offer promotions as long as **the dynamics of the game are not altered in a deceptive manner**; clear and transparent information is provided on the rules of the game and the details of the promotion, customized to the specific limitations of each gaming platform; and the amount of the promotion is limited so as to prohibit abusive promotions.
- Establish limits to advertising, based on:
 - **Content:** Codere believes that well-known public figures should be allowed to appear when: they are not specifically attractive to minors; they directly express, with their voice and/or image, the message “gamble responsibly” in the advertisement itself; and the advertisement does not make a direct connection between their gaming activity and their professional success, importance, or fame.
 - **Dissemination:** the company believes that it is important to differentiate based on the type of program disseminating the advertisement; the platform on which it is distributed; the characteristics of each country; and the time slots specifically specified for the protection of minors in each country.

Regardless of its position on the industry’s situation and its support for regulations as described above, the company will continue to comply, as always, with existing legislation in each market in which it operates.

04.2.2

Planning of gaming establishments

Codere Group advocates for **regulation of the installation of gaming establishments, their size, and the types of games that can be offered, in order to rationally reducing the incidence of problem gaming**, provided that these regulations under no circumstances affect already established investments and operations.

To this end, the company believes that there should be **regulations of the gaming offer** in each of the jurisdictions where it operates, which:

- Are clear and explicit, avoiding, as far as possible, discretionary actions by the authorities.
- Impose measures for the healthy development of the industry, so that:
 - Gaming establishments are categorized based on their size and the type of gaming they offer.
 - The number of establishments is limited based on objective demographic studies.

Codere promotes ZERO tolerance of gaming by vulnerable groups: minors and self-excluded individuals

In any event, the evidence shows that the distance of gaming establishments from schools and other places deemed to be sensitive, as well as the distance between establishments, is not a relevant factor in protecting against access by minors, unlike exhaustive control of access to establishments.

04.2.3

Control of access to gaming

Codere aims to become a pioneer in mechanisms to control access to gaming, by offering complete protection to high-risk groups. To this end, the company classifies vulnerable individuals into two main groups, both in on-site and online gaming:

- **Minors:** in the countries where Codere operates, gaming is prohibited for minors. In addition, the company has a **ZERO tolerance policy on access to gaming for this vulnerable group**. In this area, strict measures have been implemented in all businesses and gaming platforms. The company will complement these in 2021, by strengthening control through access control personnel or through biometric control options that are technologically feasible and do not affect the customer's experience. .
- **Excluded individuals:** the company maintains a **strict position with regard to restricting access to gaming for citizens registered in the register of excluded (or self-excluded) individuals** in each country, with the goal of safeguarding individuals who are at risk from problem gaming.

Official data show that access to gaming by these groups is very limited in all of the countries where Codere operates, and practically non-existent in most of them. In order to maintain and improve this trend and to thoroughly comply with existing regulations, the company closely collaborates with public and private organizations to promote regulations allowing it to meet this goal, within a framework of respect for freedom of enterprise.

04.2.4

Reputation of the industry

Disinformation about gaming activity encourages the dissemination of unfounded myths, which undermine the industry's public image. Current public discourse in several markets only exacerbates this problem. **Codere believes that it must dignify the industry and share information about its activities**, collaborating in the development of a regulatory framework that provides stronger protections for users and companies.



To contribute to this objective, the company supports studies in its markets, in collaboration with prestigious universities and independent institutions, to reveal the figures involved in the industry and its social impact. Therefore, Codere is committed to:

- Increasing the production and dissemination of accurate information on the industry and cooperating with the industry and government agencies to **produce studies**.
- Leading **cooperation with gaming companies' associations** to help show society the reality of the industry.
- Complying with regulations and promoting **responsible self-regulation in all regions where we operate**, in order to address the main issues undermining our social image: access by minors, tobacco consumption, distance from schools and between establishments, advertising, etc.
- **Search for opinion leaders:** individuals, institutions, social groups, opinion leaders, or members of society who are committed to people's freedom to choose entertainment options in a way that respects individuals and the environment, and who **support the creation of a new image for the industry**.

Codere's Social Responsibility Strategy is a fundamental part of its policy of transparency, excellence and improvement of its competitiveness

04.2.5

Protection of vulnerable groups

Codere Group constantly analyzes and implements responsible gaming measures, in order to provide the best protection for minors and users with problem behavior. To this end, in 2020 Codere established and began to implement the **Responsible gaming Measures Plan**, which is part of the CSR Plan and is based on the pillars of prevention, awareness, detection, and management of high-risk behaviors. Because ***if it's not responsible, it's not gaming.***



Responsible gaming measures: *If it's not responsible, it's not gaming*

Actions for the promotion of responsible gaming are based on the following pillars:

01 Prevention

02 Awareness-raising

03 Detection of high-risk behaviors

04 Management of these behaviors

Prevention

Codere is committed to giving users information mechanisms in order to foster responsible, informed decisions. To that end, the Group provides information on responsible gaming and on the risk that uncontrolled gaming could transform entertainment into problem behavior.

The Group's prevention measures include:

- The creation of an "Authorized gaming" section, which includes information on the operator's licenses and permits, and a "Responsible gaming" section, with links to public websites.
- Clear notification of the banning of minors and the consequences of violating this ban in visible locations, both in online gaming and in on-site gaming.
- Verification of the age of players:
 - When players create an account on a Group website or at one of its physical locations, the company asks them for their first name, last name, ID number, and date of birth. Codere then checks this information against official identity verification services, to ensure that the user is of legal age.
- Control of advertisements:
 - Codere Group's advertising campaigns are not aimed at minors and are based on ethical, responsible principles that take into account the time of day, messages, and media outlets.
 - The Group's advertisements express users' right to self-exclusion in a clear, visible fashion.
- Access to history: the company allows registered users to review the history of their bets, their time spent gaming, and other information on their behavior, with filters for casino and sports betting. Option to establish preset frequency of gaming time and amount spent.
- Information on organizations specializing in problem gaming that the client can contact if they find that gaming has ceased to be an entertainment activity, and a self-assessment test to detect potential problem behavior.
- Codere Group also carries out campaigns and initiatives encouraging a culture of responsible gaming, to raise awareness among both customers and the people who are part of the company, emphasizing the importance of approaching gaming as a positive recreational experience.

Awareness-raising

The Group consistently supports and publishes research on responsible gaming, with the goals of raising awareness among users of the importance of responsible gaming behavior and of dignifying the industry through accurate figures about gaming.

Internally, Codere carries out programs to raise awareness among its staff on these issues, especially for staff with direct contact with customers.

The measures to be implemented by the company in this regard include the following initiatives:

- Promotion and dissemination of research on responsible gaming, conducted independently or jointly with other operators or companies. All the above is performed with objective criteria and indicators to bring transparency and credibility to the industry. To contribute to this objective, the company supports studies in its markets, in collaboration with prestigious universities and independent institutions, to reveal the figures involved in the industry and its social impact. The result of these efforts is the publication of reports such as the ***gaming Yearbook*** and the ***Report on Social Perception in Spain***, the ***In nome della Legalità*** campaign carried out in Italy, and the sponsorship of the ***gaming Yearbook in Colombia*** (2019), among others.
- Active participation in responsible gaming promotion and training activities, either on its own initiative or jointly with key players in the industry.
- Carrying out campaigns to raise awareness among the company's customers, through posters, online campaigns, etc.
- Specific annual training plan on responsible gaming for the Group's employees.

Detection of high-risk behaviors

The company believes that problem gaming is an individual, not social, condition. Therefore, the goal of Codere Group is to establish mechanisms and protocols to detect risky behavior by users in its online and on-site gaming activities, minimize these behaviors, and protect vulnerable groups.

To this end, the company uses objective criteria to reveal patterns of activity that allow it to identify cases of problem gaming:

- **Online gamblers:** Codere has developed the ***Risk Control and Prevention Tool***, which represents a step forward in the company's strategy for detecting problem behavior using mathematical models.

Using artificial intelligence processes, Codere has created a set of algorithms that can identify distinctive problem gaming behaviors in online users, with a predictive analysis capable of identifying a disorder before it has taken shape.

The model developed by Codere uses approximately one hundred parameters related to the gambler's activities and spending over a given period of time, the possible existence of changes in the pattern of their gaming behavior or spending, and modifications of the limits that were initially set, both in terms of time and in terms of the money budgeted for this activity. With these indicators, a predictive model has been established to extract patterns from historical data and identify potentially risky behavior.

The tool will be assessed and trained throughout 2021 to establish a final model that is as reliable and calibrated as possible. The goal is for this model to be implemented throughout the operation, so that Codere can process all players on a daily basis to observe trends in their behavior and make the most appropriate decisions for each case.

- **On-site gamblers:** the detection methodology is based on the observation of customers in the hall. The indicators that can be assessed include:
 - Physical indicators (posture, tone of voice, facial expression).
 - Behavior (irritability when playing, sadness for personal reasons, tendency to lie, asking for money to gamble).
 - Motivation (gaming to escape from problems, gaming to fill an emptiness inside them).

Management

Codere Group takes a comprehensive approach to managing the detection of risky behavior by its customers, taking into account the platform where the activity is being carried out.

If a user who may be engaging in risky behavior is detected, the company puts them in contact with a customer service hotline, which provides them with assistance and information on responsible gaming.

In addition, new measures have been implemented to control access to gaming establishments, in order to prevent entry by minors and individuals registered on lists of excluded individuals.

04.2.6

Responsibility to and through employees

The company's social responsibility is not limited to the external sphere, but extends to all of its stakeholders. Codere has prioritized **the inclusion of its employees in its updated CSR Plan**. The company has identified employees' main concerns, gathered from the survey conducted by the Personnel Area this year, which reveals the following fundamental expectations or concerns:

01

Strategy and uncertainty regarding the Company's future and job insecurity

02

Talent attraction, retention, and development

03

Work-life balance

04

Communication

05

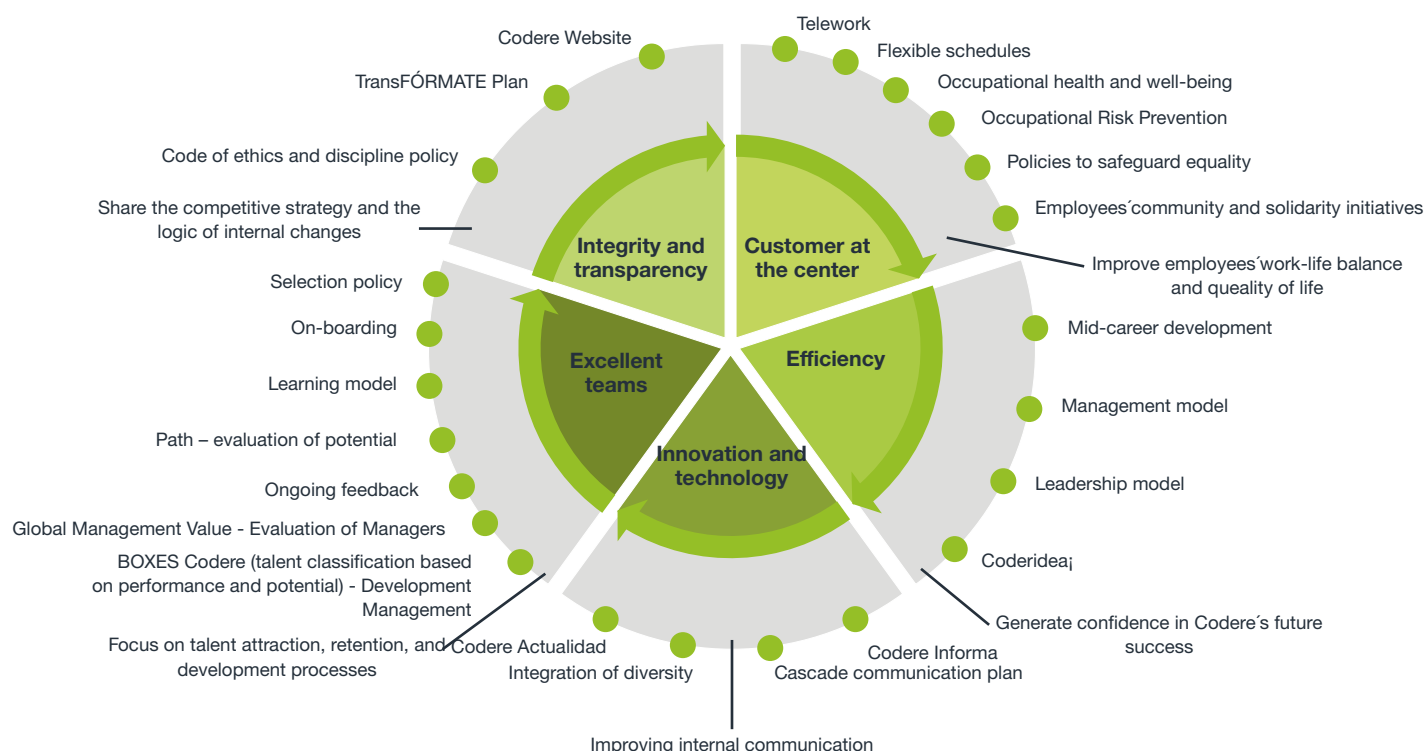
Quality of life

Our commitment to responsibility is to employees and through employees. For this reason, as we have already seen, one of the company's priorities has been to activate a specific **responsible gaming training plan** for each role and business unit. In this way, based on their position, each member of Codere can offer the most appropriate response and participate in the best possible way in this Group commitment.

The goal of this training is to inform all employees, prioritizing those with direct contact with customers or customer management, of the company's actions to promote responsible gaming and the protocols in place to prevent, raise awareness of, detect, and manage risky behavior. The training, which has been made available to employees both online and through in-person workshops, has been designed around four fundamental training modules, three which are shared across countries and a fourth module that is specific to each country where Codere operates. The training has the following structure:

1. An introduction that describes the origins of the industry, defines what the company means by responsible gaming, provides a profile of gamblers, and analyzes responsible gamblers.
2. Definition of what non-responsible gaming is, when it becomes a problem, and how it begins to be pathological, all of which go against the company's purpose.
3. *Codere with Responsible gaming*, which sets out the general principles of action for safe gaming for customers and the messages that Codere shares with them.
4. Measures implemented in each country to promote responsible gaming.

Furthermore, to improve its response in all of these aspects, the company has designed an action program based on the organization's values, which will affect all Codere Group employees, based on the idea **"With you, the game changes."**



This approach is clearly intended to become permanent and has already been implemented. However, for 2021, specific priorities have already been presented to the Management Committee. These priorities are based on five main areas of action: **diversity and equality, inclusion, work-life balance and well-being, and inclusion and sustainability**. The content of these priorities will be discussed further in another section of the report.

04.3

Covid-19, an opportunity to deepen our commitment

This year, due to the special situation created by Covid-19, Codere has been forced to limit some of the initiatives it had been carrying out in previous years. The company has concentrated its efforts on specific actions aimed at minimizing the impact of the health crisis*.

Centro Citibanamex, a temporary Covid-19 hospital

Since the beginning of the pandemic, Codere understood that we can only overcome this health crisis if we work together and if each of us contributes whatever we may have to fight it. Under this philosophy, the company offered its Centro Citibanamex, the largest convention center in Latin America, for the installment of a temporary hospital to treat coronavirus patients.

* As a summary, Annex III of this report presents a table including all of the associations with which Codere collaborated in 2020 on social action, as well as sponsorships and other collaborations with organizations.

With this action, Codere joined Sumamos por México (Let's Come Together for Mexico), an alliance of companies and foundations that provide financial support to operate the temporary Covid-19 unit set up at the Group's facilities. Sumamos por México works jointly with the Mexico City Health Department, the National Institute of Nutrition, and the Universidad Nacional Autónoma de México, which manage and operate the facilities and assign their doctors, nurses, and other personnel to provide the necessary care.

Thanks to the significant efforts made, by the end of the year more than 5,300 patients had been treated, more than 55,800 hospital beds in the country had been freed up to be occupied by people with other illnesses, more than 201,400 laboratory and diagnostic radiology tests had been performed, more than 6,000 training sessions had been provided to the healthcare workers involved, and nearly 700,000 meals had been delivered to patients and professionals.



More than 5,320 patients treated
More than 55,800 bed-days freed up in Mexico City's hospital network
More than 201,400 lab tests and X-rays performed
More than 6,060 training sessions for health professionals working at the Unit
More than 629,370 meals for patients and medical staff

Temporary Unit Results (January 2, 2021)

In response to the spread of the pandemic in the country, the period in which the temporary unit will remain open has been extended and its capacity has been increased by 146%, from 246 to 607 beds.

Solidarity aid fund

Given its understanding that the health crisis could cause particularly difficult circumstances for some of its employees, and its belief that the Group's strength lies in its unity, the company decided to activate the *Covid Solidarity Aid* program, a financial support fund available to the most vulnerable of the Group's employees.

Codere has dedicated significant efforts to this program, which has reduced the impact of the crisis on the households of more than 1,300 Codere members through financial assistance.

Codere en positivo

Given the uncertainty in the initial stages of the pandemic, and the concern this caused among the organization's staff, in April 2020 the Corporate Communications team launched an informational project called **Codere en Positivo**.

This website provides a meeting point, information, and training. At **Positive Codere**, the Group's employees can also share their experiences with the difficulties they have faced as a result of the Covid-19 crisis.

The website shares company news, offers advice on how to deal with the crisis and use teleworking tools, publishes regular letters from the Group's CEO to the organization's employees, and provides access to the support networks activated by the company during the pandemic.

Since its launch, *Codere en Positivo* has published **more than a hundred relevant pieces of content and has received more than 54,000 visits from 12,800 users. These figures**, and the messages of thanks received by the company after launching the platform, clearly demonstrate the project's success and favorable reception.

Employees can also access **Espacio Positivo**, an online environment where they can contact coworkers from all over the world and share a positive attitude towards the unprecedented situation caused by Covid-19, with access to training content, infographics, and videos.

For the safest return

Codere has implemented an exhaustive protocol of preventive measures against Covid-19 to ensure that it can resume on-site activity in a responsible manner, with the utmost safety and protection against the virus for its customers and employees. In addition, in preparation for the resumption of activities, all Group employees participated in a training program presenting the protocols and extraordinary measures that have been established*.

Teleworking, proven effectiveness

Among other initiatives to promote teleworking, Codere Group organized a global communications campaign aimed at raising awareness of teleworking tools, which the organization has promoted during the pandemic to protect the safety of its employees.

In addition, in line with the company's global strategic focus, throughout the year a series of "responsible actions" have been carried out in each country where Codere operates

Spain

In 2020, Codere Spain has continued to move forward in enacting responsible gaming best practices. The company has conducted training sessions for trainers, with the goal of implementing the **Social Responsibility Certification Program** of the Spanish Federation of Hotel Recreational gaming Businesses (**COFAR**).

Under this program, Codere was already working with COFAR to develop a **seal of quality** as a leading instrument for certifying hotel establishments for their commitment to social responsibility, and specifically their commitment to responsible gaming. In 2020, Codere certified all hotel establishments with AWP (which represents a total of 6,075 machines).

- The goal of the program is to provide a safe, regulated environment for customers gaming in hotel gaming areas, by identifying establishments that have been recognized for offering responsible gaming.
- Certification required training the establishments' employees in the principles and practices of responsible gaming and verifying the effective implementation of these measures.
- The establishments have informational leaflets with the **Ten Commandments of Responsible Gamblers** and the resources needed to identify and correct possible risky behavior. They also have a **COFAR Certification Manual**, which contains prevention measures, detection measures, and instructions for actions.

Codere is the leading company for information and transparency in the gaming industry. Now, it performs this role as a **member of the gaming companies' association CEJUEGO**, where it contributes to communicating an accurate image of the industry to society and government agencies. In this context, it publishes studies like the **gaming in Spain Yearbook**, an overview of the figures describing the industry, and the **Report on Social Perception**, on Spaniards' relationship with existing gaming opportunities, both produced by Universidad Carlos III of Madrid.

* Initiatives related to safety measures for the resumption of the company's operations are discussed further in Chapter 07. Employees, the Key to Cultural Transformation, of this Report.

* Teleworking-related initiatives are discussed in greater depth in Chapter 07. Employees, the Key to Cultural Transformation, of this report.

As a responsible gaming company, Codere is a member of important industry associations that work toward the shared goal of fostering transparency and ensuring safe gaming entertainment activity for users.* That is why, in February 2020, **Codere joined Jdigital** (the Spanish Online gaming Association), whose primary objective is to protect the interests of the online gaming industry in Spain and promote regulations that facilitate the sustainable development of the industry with the greatest protection possible for users.

Moreover, in January 2020, **Codere renewed its commitment to Autocontrol** (Association for the Self-Regulation of Advertising), which it has been a member of since September 2015. Autocontrol manages the system for the self-regulation of advertising in Spain. As a member of Autocontrol, Codere:

- Has committed to fulfilling the *Autocontrol Advertising Code of Conduct* in all of its advertising.
- Can use the consulting services of the Technical Bureau if there are any questions about the legal or ethical appropriateness of its advertising.
- Has committed to complying with any resolutions issued by the Advertising Board, an out-of-court dispute resolution body, as a result of any claims filed with the Board, whether by consumers, associations, companies, or other industries or agencies.

Finally, Codere Spain cooperates with the **National Commission Against the Manipulation of Sports Competitions and Betting Fraud (CONFAD)** with the goal of preventing and eradicating corruption and manipulation from sports betting and competitions. As a result of this collaboration, the **CONFAD Action Plan** was published in 2020. Its purpose is to provide a coordinated response by all its members and to set forth the essential guidelines for action that must be implemented for it to achieve its objectives in 2020 and 2021.

It should be noted that one of the main industry magazines, *Revista Azar*, awarded Vicente Di Loreto, CEO of Codere Group, in its **“Azar Awards for the Best of 2020,” the award for the best company of the year**, “for showing excellence and responsibility in navigating through the most turbulent waters that have threatened and continue to threaten the entire leisure and entertainment industry.” This award clearly shines a spotlight on the company’s efforts in this complex industry and encourages us to keep working in this direction.

Mexico

In November and December, Codere Mexico launched its **online training on responsible gaming** for managers, assistant managers, supervisors, and administrative staff from various business units in order to prevent, raise awareness of, detect, and manage risky behaviors.

In addition, throughout the year, the company has remained committed to the promotion of responsible gaming through the *Centro de Integración Juvenil* (Youth Inclusion Center), a non-profit civil association that fights compulsive gaming and addictions, and by informing the public of the risks of irresponsible gaming. The company has also continued to provide information on responsible gaming in gaming halls, along with the Mexican Gamblers Anonymous Association, which specializes in the treatment of compulsive gamblers.

In addition, in 2020, Codere Mexico made a donation to the system for the **Comprehensive Development of the Family in Ensenada, Baja California**. It also organized an activity in **Casa Hogar Marsh**, in Acapulco de Juárez, a center run by a non-profit to care for and educate children from one of the poorest regions of Guerrero, who face extreme poverty and abandonment. During the activity in early January, toys were handed out to all the children and a traditional Three Kings Cake was served.

Codere Mexico also delivered 10,000 surgical masks (half of which were N95 masks) to the Department of Health of the Government of Colima.

* As a summary, Annex III of this report presents a table including all of the industry associations with which Codere collaborated in 2020, as well as other organizations with which the company collaborated on social action or sponsorships.

Italy

In 2020, Codere Italy continued to promote the campaign **“If it’s not responsible, it’s not gaming,”** keeping its commitment to disseminating materials in support of responsible gaming and against usury, both at the company’s gaming halls and at other companies’ halls.

All of the **communication activities** carried out sought to reinforce these messages through the website and social media by constantly publishing “information pills” and informational leaflets, including the *Ten Commandments of Healthy gaming*.

During the year, many regions made it mandatory to provide **specific courses** on this subject to employees at gaming halls. Codere Italy, through the employees operating in gaming halls, complied with existing regional regulations.

The company also continued with the **Codere Training** project, the free online training platform for all gaming operators connected to the Codere Network. **Codere Training** covers relevant topics such as pathological gaming, the profile of problem gamblers, and actions to prevent gaming, without neglecting the regulatory aspects of legal gaming.

At the level of the central government, through the association that it belongs to, Confindustria Sistema Gioco Italia, synergies with other associations, and independently, the company exchanges information and regulatory proposals with government agencies in order to **promote best practices in the regulation of the legal gaming industry**.

“In nome della legalità 2.0” (“In the name of legality 2.0”), a traveling workshop that began in 2011, has been temporarily suspended due to Covid-19. The workshop has held a series of meetings with national and local institutions, oversight agencies, and associations, addressing issues related to gaming and its possible distortions. In 2021, these events will resume online, with the hope of returning to a face-to-face version as soon as possible.

In addition, Codere Italy has carried out a number of educational initiatives. One example is the **Ippico Archimede** project, an initiative aimed at students with disabilities organized by the **Archimede Institute of Higher Education in Ponticelli** (Naples). In this activity, students were able to enjoy a day at the **Sughereta San Vito Equestrian Center**, where they were taught how to care for the horses, clean them, feed them, and ride them. These activities had a positive impact toward their cognitive, relational, and psychomotor rehabilitation.

On the other hand, on *Valentine’s Day*, Codere Italy renewed its social and community commitment to the **Telethon Foundation**, which funds research on rare genetic diseases, and to the association **“Io, domani...”** (I, tomorrow...), for the fight against childhood cancer. During the activity, Codere sold chocolates and photo frames in its gaming halls, with a minimum donation of two euros. The amount collected and eventually donated to the two foundations was also complemented by the spontaneous contributions made by customers through special boxes placed in all gaming establishments.

In addition, from February 15 to 29 at the **Gaming Hall Garbini in Viterbo**, Codere Italy held a fundraising campaign for Danilo Luzi, victim of a serious accident at age 15. Funds were collected through the sale of a special dish, a bingo game, and an end-of-month celebration dinner. Thanks to this donation, the family will be able to purchase a forklift, which will allow Danilo to go up and down the stairs of his home.

Codere Italy also **donated** €92,000 in the form of **vouchers to support families in situations of vulnerability** in the counties where its bingo halls are located.

Finally, Codere Italy developed the **ConversAction** activity for its employees, a tele-café for teleworking, to recreate for employees that everyday moment of leisure and conversation shared in face-to-face work. This online space has allowed employees to talk in the office and to connect beyond strictly work matters. The goal of this initiative was to regain human contact and to not interrupt this essential channel of communication for the community, which this business unit has worked so hard on over the past several years.

Argentina

In 2020, in addition to **training on responsible gaming issues**, Codere Argentina continued with various informational actions that it has been implementing in gaming halls as part of the responsible gaming program **“When gaming is not a game.”** It has also carried out preventive campaigns in gaming halls, by broadcasting information on video screens in the gaming halls or distributing informational leaflets. The company also has specialized psychologists (counselors) on site for the detection and guidance of clients with risky behaviors.

Moreover, as it does every year, Codere in Argentina celebrated **International Responsible gaming Day** (February 17) under the slogan **“Green light for responsible gaming.”** Codere redoubled its activities by carrying out the **“Responsible gaming weekend”** action. For two full days, the gaming halls were covered in green, specific communication actions were carried out with the goal of sharing information and raising awareness along with the team of counselors, and free talks were held in the bingo area to raise awareness on this issue.

In addition, Codere Argentina organized the **Community Outreach Program**. This initiative, which began to take shape in 2019, seeks to support local communities in the areas where our halls are located, through a range of community actions. These actions include charitable purchases, corporate volunteering, and other initiatives focused on environmental sustainability. Specifically, at the start of the 2020 school year, Codere donated more than 1,800 school kits through this initiative.

Furthermore, in the context of the pandemic, the company has been able to continue with the **donation** of food that was part of the cuisine offered at its now-closed gaming halls, despite the logistical challenges caused by the closures and the effects caused by the health crisis.

Panama

As a result of the unexpected closure of on-site activity due to Covid-19 and the reopening with limitations and restrictions in 2020, the company promoted the *Corporate Social Responsibility Plan* by carrying out **responsible gaming training activities**, which had already been implemented in this business unit.

In addition, maintaining some of the actions carried out in 2019, the company continued to distribute and publish **informational material** through media outlets, to inform the public of the company's commitment to CSR and the need for “sensible” gaming.

At the same time, the company continued to work with the gaming Control Board (JCJ) and the National Racing Commission (CNC) to **fight doping in the equestrian sector in Panama**.

In the area of education, Codere Panama also carried out initiatives. For example, on Thursday, February 20, it gave out 60 scholarships as part of a program for the education of children, seeking to contribute their future and their development. Fifty of these scholarships were for elementary school students and 10 were for high school students.

After its success in 2018, Codere Panama continued its comprehensive program called **“Edificando Vidas”** (Building Lives) with the Laffit Pincay Jr. jockey academy. This program for at-risk young people consists of a course to help them become jockeys while supporting them with their personal development and their interactions with their families and society, in order to ensure their positive social inclusion after training as jockeys. From the start, this program has had the support and psychosocial guidance of the Fundación Dando la Milla Extra (Giving the Extra Mile Foundation) and of the Instituto Nacional de Formación Profesional y Capacitación para el Desarrollo Humano (INADEH, National Institute of Vocational Training and Skills for Human Development).

In addition, through the “Codere te da la mano” (**“Codere gives you a hand”**) program, made up of volunteers from Codere Panama, this business unit **donated non-perishable foods** to the Red Cross. The donation went to families that were impacted by the destruction caused by rains from hurricane Eta, which affected the provinces of Chiriqui, Veraguas, Bocas del Toro, and Coclé.

Codere Panama also participated in **collecting toiletries** for the Panama Nutritional Recovery Center

(Nutre Hogar), which houses children in a situation of vulnerability and teenagers with cerebral palsy.

Finally, the company organized two **vaccination days** at two of its racetracks in the country in November and December, where it vaccinated more than 70 employees, customers, and external staff against illnesses like the flu.

Colombia

This business unit has carried out **training actions** on responsible gaming to reinforce the specific trainings held in our gaming halls. These actions have also been complemented by campaigns on social media and on the Crown Casinos website. At the same time, the company developed **specific training on the Group's Code of Ethics and Integrity**.

In addition, Codere Colombia is carrying out an **energy-saving campaign** at the Crown San Rafael business unit*.

The business unit also created a volunteer initiative in which employees donated non-perishable food and toiletries to the **Colombia Chiquita Foundation**, whose main objective is to protect, care for, and assist children in situations of danger or abandonment. Part of the collection went to coworkers who were in high-risk situations.

Uruguay

This year, Codere Uruguay launched a **training plan on responsible gaming**. In addition, throughout the year, the exclusion policies in force for Casino Carrasco were maintained and the business unit worked hard on its controls to prevent minors from entering the gaming halls.

*In 2020, the company contributed 1,108,963 euros** to different associations, foundations and others non-profit entities*

Furthermore, through the **"Futuros Egresados"** ("Future Graduates") program, the company supports public school students facing difficult situations to keep them from dropping out of the first stage of secondary school. In 2020, Codere Uruguay maintained its support for the 22 students who completed the first stage of secondary school in 2019. It was feared that the difficulties caused by the health emergency could lead a high percentage of them to quit their education. As part of the initiative, Codere has provided a physical space for the students to keep meeting with the tutors assigned to them. It also helped deliver packets with essential food supplies, donated by the Ministry of Social Development and by the company itself.



Casino Carrasco gaming hall (Uruguay)

* The energy-saving campaign at the Crown San Rafael business unit is discussed further in Chapter 09. Responsibility in the Supply Chain, of this report.

** In 2019, the company contributed to these entities for a amount of 5,621,849 euros.

Governance, ethics, and compliance

05

05.1

Share capital structure

Codere's equity structure consists of a share capital of €59,269,163, which is fully subscribed and paid up and is divided into 118,538,326 shares with a par value of €0.50 each, in book-entry form and admitted to trading on the Spanish stock exchanges of Madrid, Barcelona, Valencia, and Bilbao.



At the end of 2020, the Codere Group's capital structure, based on shareholders with shareholdings in excess of 3%, was as follows:

Shareholder	Number of shares	Ownership
Silver Point Capital Management, LLC.	27,484,746	23.19%
M&G Investment Management Limited	24,854,750	20.97%
José Antonio Martínez Sampedro	16,681,354	14.07%
Abrams Capital Management LLC	10,340,354	8.72%
Contrarian Capital Management LLC	8,557,954	7.22%
Evermore Global Advisors LLC	6,169,162	5.20%
Rest - Free float(1)	24,450,006	20.63%
TOTAL	118,538,326	100.00%

The Group's capital structure has not changed significantly from the previous year. In this regard, at the end of the year, the company's free float* comprised 20.63% of the shares in circulation, with a stable core of shareholders representing approximately 80% of the share capital.

Moreover, in 2020 the company issued additional bonds, for the amount of 165 and 85 million euros, respectively, both with maturity dates in September 2023.

In 2020, and in order to support the placement on the market of any shares that might be issued as part of one or more capital increase operations, the company's General Meeting of Shareholders, held on July 24, 2020, resolved to reduce Codere's share capital by €450,445,638.80, by reducing the par value of each of its shares by €3.80 per share. This operation allowed Codere to give the Board of Directors greater flexibility in setting the effective issue price of the shares issued as part of these operations.

In addition, the company maintains a bond issue admitted to trading on the Irish Stock Exchange, for €500 million and USD 300 million. On October 30, 2020, as a result of the company's conclusion of its refinancing operation, the terms of these bonds were modified, including an extension of their maturity date by two years (i.e., until November 1, 2023) and an increase in their interest rate. The interest rate has a mandatory part to be paid in cash at 4.50% and, at option of the company, a complementary part to be paid in cash (at 5% for euro bonds and 5.875% for dollar bonds) or in kind (at 6.25% for euro bonds and 7.125% for dollar bonds).

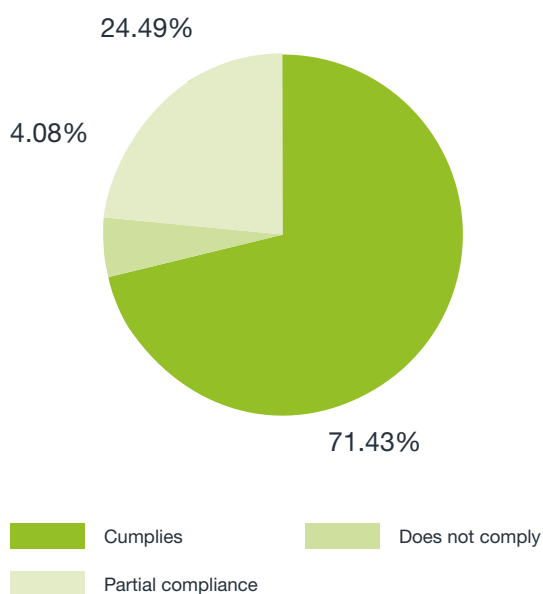
* Defined as the sum of shareholdings lower than 3%.

05.2

Corporate governance

As the only listed Spanish company in the gaming industry, Codere takes a proactive approach in Corporate Governance. Therefore, it does not merely comply with applicable legal requirements, it also strengthens its commitment to best practices in this regard. Indeed, in 2020, Codere Group had a 70% level of compliance with the recommendations set forth in the *Good Governance Code of Listed Companies* approved by the CNMV (Spanish Securities Market Commission).

Good Governance Code of Listed Companies



Codere's commitment to implementing good governance policies that go beyond regulatory requirements is reflected in several initiatives promoted by the Group:

- The Appointments, Remuneration, and Corporate Governance Committee has been assigned corporate governance functions, including the supervision and review of the Group's corporate social responsibility policy and practices.
- Codere is aware of the importance of regulatory compliance for its business and therefore has voluntarily established a Compliance Committee, which focuses on reviewing and monitoring the Group's compliance with applicable regulations and, specifically, with gaming regulations.
- In addition, in order to approve the *Financial Statements and the Corporate Tax Policy Report*, the company has chosen to hold twice as many meetings, in order to effectively answer any questions that the directors may have during their analysis and to provide them with relevant information far enough in advance for them to make informed decisions on these issues.
- Also in terms of monitoring financial information, in 2020 the Codere Group regularly conducted limited quarterly reviews of the financial statements with its auditors, which were conducted in accordance with ISRE 2410.
- The Codere Group also has a *Policy for Communication and Contact with Shareholders, Institutional Investors, and Proxy Advisors*, thus complying with Recommendation 4 of the *Good Governance Code of Listed Companies*. In February 2021, the company's Board of Directors resolved to update this policy, in order to continue with the Group's commitment in this area and to provide more detailed oversight of the reporting of financial, non-financial, and corporate information through the media, social media, and other channels.

05.2.1

Board of Directors

Codere is governed by the General Meeting of Shareholders and the Board of Directors as the top governing bodies in the Group.

The Board of Directors is in charge of the company's management and representation. Therefore, the Board deals with all matters related to the company's governance, management, and administration.

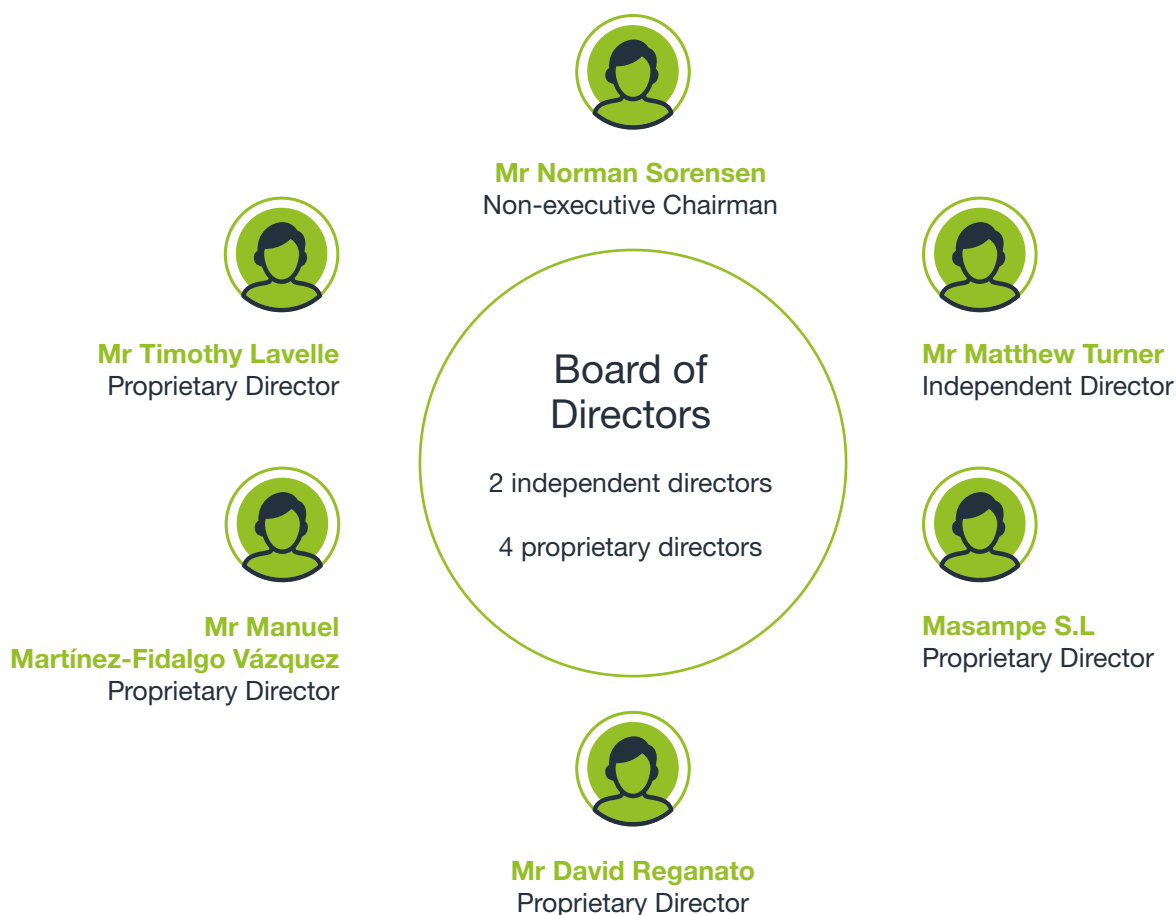
The core of the Board's functions is the approval, implementation, and review of the company's strategy. Article 7 of the *Board of Directors Regulations* sets out a series of functions that are exclusively assigned to the Board of Directors, including the approval of the Group's general policies and strategies; the establishment of new businesses; the disposal of fixed assets or approval of capex projects of over three million euros; the appointment and dismissal of senior executives; operations linked to directors, significant shareholders and related persons; or the issue of bonds or other similar securities by the Group or its subsidiaries.

Members of the Board of Directors

At the end of 2020, the following Board of Directors was made up of the following director:

Name	Position	Directorship	Share in the Share Capital
Mr Norman Raúl Sorensen Valdez	Non-Executive Chairperson	Independent	0.068%
Mr David Reganato	Member	Proprietary	0.00%
Masampe S.L. (represented by Mr Pío Cabanillas Alonso)	Member	Proprietary	14.063%
Mr Matthew Turner	Member	Independent	0.016%
Mr Manuel Martínez-Fidalgo Vázquez	Member	Proprietary	0.025%
Mr Timothy Lavelle	Member	Proprietary	0.00%

Members of the Board of Directors at the end of 2019



Meetings of the Board of Directors

In 2020, the Board of Directors held 21 meetings, as well as one resolution that was adopted in writing without a meeting. The most significant decisions that were reached at these meetings include the following:

Amendment of Article 24.9 of the Bylaws

In order to sufficiently cover any possible liability of its directors, and given the expectation that, as a result of the economic situation, the uncertainties caused by the Covid-19 health crisis, and the company's special circumstances in terms of litigation, there could be obstacles to taking out or renewing the D&O liability policies for directors and executives under reasonable terms of coverage and cost, the Board of Directors proposed to the General Meeting of Shareholders the amendment of Article 24.9 of the Company's Bylaws.

Codere continues to be willing to take out policies covering directors' and officers' liability under normal market terms as soon as contracting conditions return to normal. However, this move allows the Group to sufficiently cover any potential liability of its directors. If it failed to do so, the company could lose (or have difficulty in attracting) accomplished directors of recognized standing.

With these amendments, Codere is now able to take out liability insurance for its directors, as well as other systems that are alternatives or complementary to this insurance. Such coverage excludes actions by directors that are fraudulent or detrimental to interests of the company, as well as any expenses related to such actions. In this regard, the new Article 24.9 of the Company's Bylaws provides that the maximum amount of D&O coverage to be provided by Codere must be approved by the General Meeting of Shareholders.

Re-election of Directors

The Board of Directors proposed to the General Meeting of Shareholders the re-election of the following directors:

- Mr Norman Sorensen and Mr Mr Matthew Turner, as independent directors, proposed by the *Appointments, Remuneration, and Corporate Governance Committee*.
- Mr David Reganato, Mr Timothy Lavelle, Mr Manuel Martínez-Fidalgo Vázquez and Masampe S.L. (and its individual representative, Mr Pío Cabanillas Alonso), as directors representing substantial shareholders, following a report from the *Appointments, Remuneration and Corporate Governance Committee*.

The General Meeting of Shareholders resolved to re-elect all of them as directors of the company, for the term established by the Bylaws of two years, and with the category indicated for each of them.

Amendment of the Regulations of the Board of Directors

The Board of Directors of Codere, following a report from the *Appointments, Remuneration, and Corporate Governance Committee*, resolved to amend the Regulations of the Board of Directors to update the rules therein that did not adequately reflect the provisions of current legal regulations.

With this update, Codere fulfilled the provisions of new applicable regulations. It also took advantage of the opportunity and went even further, positioning itself as a leader in dealing with potential extraordinary situations, such as those faced by businesses as a result of the Covid-19 crisis. In addition, it regulated in greater detail the system for remote attendance at meetings of the Board of Directors and its committees, in order to guarantee the identification of attendees, proper and continuous communication between attendees, and the casting of votes.

Thus, the *Regulations of the Board of Directors* include the possibility of attending and participating in meetings of the Board of Directors via conference call, videoconference, or other forms of remote communication when, on the date of the meeting, the directors are outside of the country or there are other extraordinary circumstances preventing in-person attendance.

Other relevant matters

In addition, some of the most relevant issues dealt with by the Board of Directors in 2020 were as follows:

Economic/financial matters: approval of economic and financial matters; regular monitoring of risks; taking out a loan in Mexico; and, in connection with the refinancing operation performed by the Group, regular reports to the *Ad Hoc Committee* of bondholders.

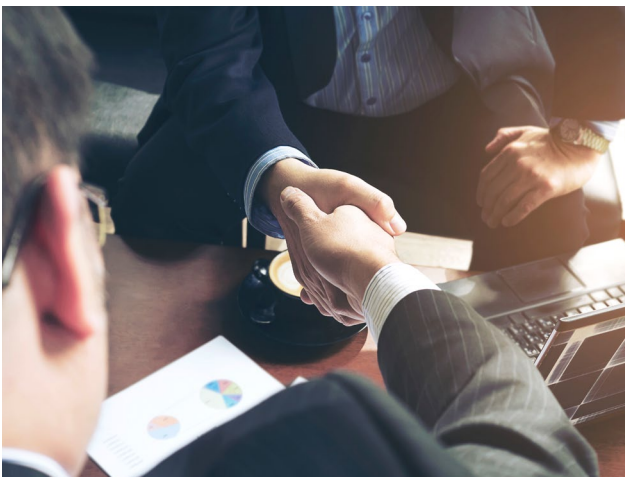
One noteworthy action in this area is the approval of the amendment of the *Long-Term Incentive Plan* (LTIP), to bring the interests of its beneficiaries in line with those of the company's shareholders and to encourage talent retention at the company and its Group. The *Long-Term Incentive Plan* was initially approved in June 2017 and is aimed at certain executives, managers, and other Codere Group personnel who meet the requirements to use it. The main new change is the provision of a certain number of Codere shares to some executives, managers, and other Codere Group personnel, to the extent that certain conditions are met.

- Strategic contracts: amendment of the consulting agreement with the company JUSVIL; approval of the sponsorship agreement with the Monterrey Rayados Soccer Club in Nuevo León, Mexico for four seasons; and approval of a cloud services agreement with Microsoft, for a period of three years.
- Risk management: updating the *Report on the Corporate Tax Policy* and the Group's risk map; approval of the risk tolerance level for 2021; and the direct supervision of accounting inconsistencies that were detected and information to the market regarding these inconsistencies.
- Corporate governance: proposal of appointments of new directors submitted to the General Meeting of Shareholders; approval of the amendment of both Article 24.5 of the *Bylaws* and the *Director Remuneration Policy*; analysis of the request for a supplement to the call to meeting and the alternative proposals for resolutions made by Masampe, S.L. under Article 519 of the Limited Companies Act; approval of the Group's *Ethics and Integrity Code*; and approval of the crime prevention model and the appointment of the company's representative to the SEPBLAC.

05.2.2

Committees of the Board of Directors

In accordance with existing law, specifically the recommendations made in the *Good Governance Code of Listed Companies* approved by the CNMV (Spanish Securities Market Commission), the Board of Directors' work is also performed through three committees with specific roles: the Audit Committee; the Compliance Committee; and the Appointments, Remuneration and Corporate Governance Committee.



Audit Committee

Codere's Audit Committee's main duty is to support the Board of Directors with its financial and risk monitoring duties, check communications with the markets, and oversee the operations of the Internal Audit Department.

In 2020, the Audit Committee held a total of seven meetings, with 100% of its members attending each meeting.

During the past year, the Audit Committee carried out its role as expected, fully and smoothly, according to current laws and the internal rules on its operation and organization as set forth in Codere's *Regulations of the Board of Directors*.

Its noteworthy tasks included the direct supervision of the investigation, analysis, and resolution of the detection of accounting inconsistencies; the approval of the 2020 Budget; the review of the Financial Statements and interim financial statements; the limited reviews of the external auditor (ISRE 2410); the amendments of the *Annual Internal Audit Plan*; and the review of the *Risk, Policy, and Risk Tolerance* map for 2021.

Members of the Audit Committee

At the end of 2020, Codere's Audit Committee was made up of the following members:

Name	Position	Category
Mr Matthew Turner	Chairperson	Independent
Mr Norman Raúl Sorensen Valdez	Member	Independent
Mr Timothy Lavelle	Member	Proprietary

Functions of the Audit Committee

- Put forward external auditors to be appointed by the Board of Directors and liaise with such auditors, always safeguarding their independence.
- Oversee the internal audit and be familiar with the process of financial reporting and the internal control systems. Regularly check the risk control and management systems and report to the Board of Directors on risk control and potential shortcomings detected.
- Report on financial statements, prospectus, and regular financial information that are to be filed with the appropriate regulatory bodies.
- Oversee the communications strategy and liaise with shareholders and investors; oversee and assess the interaction with the Group's different stakeholders.

Compliance Committee

Codere is aware that regulatory compliance is of utmost importance, which is why the Group has formed a Compliance Committee that is specifically devoted to checking and monitoring compliance with applicable Spanish and international regulations, and specifically gaming regulations. Furthermore, the Compliance Committee also assesses the existing internal control systems related to legal obligations with regard to gaming and the prevention of money laundering and terrorist financing.

In 2020, the Compliance Committee met three times, with 100% of its members attending each meeting. In addition, several members of the management team and a few external advisors attended Compliance Committee meetings as guests.

The most relevant actions taken by the Compliance Committee in 2020 include the following:

- On November 11, 2020, the update of the *Ethics and Integrity Code*, the *Crime Prevention Model*, and the *Self-Assessment Report and Risk Matrix on the Prevention of Money Laundering and Terrorist Financing* of the Spanish business unit were approved.
- Moreover, on November 10, 2020, the Compliance Committee prepared a report on the *Money Laundering Prevention Manual* in Spain.

Members of the Compliance Committee

At the end of 2020, Codere's Compliance Committee was made up of the following members:

Name	Position	Category
Mr Matthew Turner	Chairperson	Independent
Masampe S.L. (represented by Mr Pío Cabanillas Alonso)	Member	Proprietary
Mr Manuel Martínez Fidalgo Vázquez	Member	Proprietary

Functions of the Compliance Committee

- Ensure compliance with Spanish and international regulations on gaming and money laundering.
- Assess Codere's internal control systems regarding its gaming-related reporting and transparency duties and propose improvements.
- Establish and oversee a system that will allow employees, customers, suppliers and third parties with whom the company has a contractual relationship to report, confidentially and anonymously, any possible irregularities, especially regarding finances and accounting, that may be detected.
- Monitor the security systems and measures deployed for Codere's operations and regularly report these to the relevant executives.

Appointments, Remuneration, and Corporate Governance Committee

The Appointments, Remuneration and Corporate Governance Committee's duties include assessing the competencies, knowledge and experience of the directors; reporting the appointments and dismissals/resignations of directors and of senior executives in the company; proposing and overseeing the company's remuneration policy; and reviewing and suggesting improvements in terms of compliance with the *Internal Rules of Conduct* regarding the securities markets.

In 2020, the Appointments, Remuneration, and Corporate Governance Committee held a total of eleven meetings, with 100% of its members attending each meeting.

The most relevant actions carried out by the Appointments, Remuneration, and Corporate Governance Committee in 2020 include:

- The preparation, in June 2020, of a specific report for the amendment of sections 4 and 5 of the *Director Remuneration Policy*, approved by the General Meeting of Shareholders on June 26, 2019 for 2019, 2020, and 2021, with the purpose of modifying the maximum total remuneration limit for all directors.
- The preparation of a specific report supporting the amendment of the *Long-Term Incentive Plan* by the Board of Directors, at its meeting held on February 27, 2020. This amendment replaces certain provisions of the version initially approved by the Board of Directors at its meeting held on June 29, 2017.
- The self-assessment process by the Board of Directors and its committees, which culminated in the approval of a 2020 *Action Plan* at the Board of Directors meeting held on 11 November 2020.
- In June 2020, the committee gave a favorable report to the Board of Directors on the re-election of Mr David Reganato, Mr Timothy Lavelle, Mr Manuel Martínez-Fidalgo Vázquez and Masampe S.L. (and its individual representative, Mr Pío Casablanca Alonso), as directors representing substantial shareholders, for the two-year period required by the Bylaws. The committee also proposed to the Board of Directors for presenting to the General Meeting of Shareholders the re-election of Mr Norman Sorensen and Mr Matthew Turner as independent directors, which led to their appointment.
- The preparation of an unfavorable report on July 6, 2020, with respect to the request for a supplement to the call to meeting and alternative proposal for resolutions made by Masampe, S.L., in view of Article 519 of the Limited Companies Act.
- Analysis and reporting to the Board of Directors, for the second consecutive year, on the *Non-Financial Information Statement* document to be included as part of the company's financial statements, included in the company's 2019 *Comprehensive Report*, prepared in accordance with Global Reporting Initiative (GRI) standards.

Members of the Appointments, Remuneration, and Corporate Governance Committee

Name	Position	Category
Mr Norman Raúl Sorensen Valdez	Chairperson	Independent
Mr Matthew Turner	Member	Independent
Mr David Reganato	Member	Proprietary
Masampe S.L. (represented by Mr Pío Cabanillas Alonso)	Member	Proprietary

05.2.3

Director Remuneration Policy

The Appointments, Remuneration, and Corporate Governance Committee, in performance of its duties, proposed to the Board of Directors the amendment of sections 4 and 5 of the current *Director Remuneration Policy*, approved by the General Meeting of Shareholders on June 26, 2019 for 2019, 2020, and 2021. Specifically:

- Article 4 of the *Director Remuneration Policy*, regarding the maximum annual amount of remuneration, was amended. The amended article established a maximum annual limit of twenty million euros to make any payments required in the event of use of the liability coverage provided for in Article 24.9 of the *Company Bylaws*.
- Article 5 of the *Director Remuneration Policy*, with respect to the remuneration structure, was amended to include the amendment of Article 24.9 of the Bylaws and to provide Codere with the possibility of offering directors liability coverage.

The amendment of the *Director Remuneration Policy* was approved by the Ordinary General Meeting of Shareholders on July 24, 2020, with a favorable vote of 79.40% of the share capital present or represented at the General Meeting of Shareholders.

Codere Group is committed to ensuring full transparency for all remuneration items paid to the directors

Codere's Director Remuneration Policy is based on a fixed annual amount for directors and allows the company to provide liability coverage for directors:

- The fixed amount will vary based on the committee or committees to which each director belongs, the positions held by each director, and the level of dedication or responsibility involved in each of them.
- Liability coverage: this may be the same or different for the directors. It will only be provided if necessary due to legal defense expenses incurred or compensation payments imposed on the directors and the Board of Directors, and after non-binding consultation with the *Appointments, Remuneration, and Corporate Governance Committee*.

The amendment of Codere's *Remuneration Policy* established the differentiation of the remuneration payments to be received by the company's directors. On the one hand, it includes the maximum annual remuneration to be received by directors as such and for the performance of their duties, consisting of a fixed amount. On the other hand, it also includes a maximum annual amount for any payments to be received by them in the event of the use of the liability coverage offered by the company. In any event, these amounts will solely cover the contingencies included within the limits established in the *Company Bylaws*, as well as any expenses associated with such contingencies.

Remuneration is provided for the following items

Fixed amount

- Belonging to the Board of Directors.
- Belonging to the Audit Committee, with a distinction between the chairperson and members.
- Belonging to the Appointments, Remuneration, and Corporate Governance Committee, with a distinction between the chairperson and members.
- Belonging to the Compliance Committee, with a distinction between the chairperson and members.
- Non-executive chairperson.

Liability coverage

- Sufficient to cover any possible liability under conditions similar to those included in D&O policies.
- Pay any legal defense expenses and compensation payments imposed on the directors, with the general exclusions and any other exclusions that the Board of Directors may establish based on the specific circumstances.
- General exclusions: bad faith or fraud, harm caused to Codere by the directors' actions, and expenses related to the remaining exclusions.

The Board of Directors, upon a proposal by the *Appointments, Remuneration, and Corporate Governance Committee*, acts independently and responsibly when determining the respective remunerations. In any event, it is limited by the maximum total yearly remuneration for all directors, which will be two million euros. This is lower than in 2016, when the maximum amount was three million euros.

In this regard, and based on the policy approved by the General Meeting of Shareholders, the Board of Directors established the following terms:

Position and responsibility	Amount/ year
Member of the Board	€100,000
Chairperson of the Audit Committee	€51,000
Member of the Audit Committee	€50,000
Chairperson of the Appointments, Remuneration, and Corporate Governance Committee	€51,000
Member of the Appointments, Remuneration, and Corporate Governance Committee	€50,000
Chairperson of the Compliance Committee	€51,000
Member of the Compliance Committee	€50,000
Non-Executive Chairperson	€149,000

In addition, on December 31, 2020, the Appointments, Remuneration, and Corporate Governance Committee, taking into account the appointments of the directors Mr Manuel Martínez-Fidalgo Vázquez and Mr. Matthew Turner as managers of the subsidiary Codere Finance 2 (UK) Ltd., as well as the additional work performed by both of them and the special responsibility they took on in such capacity, proposed to the Board of Directors that they receive remuneration of ten thousand euros per month each, with a limit of fifty thousand euros per year. At a later meeting, the Board of Directors approved the resolution.

The Board of Directors of Codere Group is committed to ensuring full transparency for all remuneration items paid to the directors, by providing transparent and sufficient information in line with good governance practices for director remuneration that are widely recognized in international markets.

05.2.4

Self-Assessment and Action Plan

The self-assessment process of Codere's Board of Directors is run internally and includes the assessment of the Board itself and of its committees. For the assessment, the directors fill in a form with questions about the operation of the Board of Directors and its committees as well as a section on the performance and contribution of each director, with a special focus on the chairpersons of each committee of the Board of Directors.

The conclusions reached are presented to the Appointments, Remuneration, and Corporate Governance Committee, which then reports to the Board of Directors and prepares an Action Plan to correct any shortcomings detected during the assessment process.

Level of performance of the 2019 Action Plan

The actions for improvement set forth in the Action Plan for 2019 have been partially carried out. Specifically, the following actions were carried out:

Measures for more efficient meetings

In order to improve the efficiency of the meetings of the Board of Directors, the Codere Group has modified the calls to meetings of the Board of Directors, indicating the total duration of each meeting, time limits, and the speaker for each point of discussion. Moreover, it was resolved that the calls to meetings of the Board of Directors will establish a maximum duration for the meetings, with the secretary or deputy secretary responsible for monitoring the time limits.

Improving the “Director Portal”

In order to ensure that directors receive the materials and documentation related to each meeting in a timely fashion, and in order to enhance information management, improvements have been made to the operation of the “Director Portal” application. The documents now include a summary of changes, to help locate them and to eliminate previous versions.

Improving the amount of information provided to directors

In order to increase the amount of information provided to Directors, various meetings prior to Board of Directors meetings have been scheduled, in order to answer any questions regarding the matters to be discussed.

2020 Action Plan

In 2020, the required yearly assessment of the Board's performance in 2019 took place. The Board approved the resulting report, which did not point out any concerns in the areas related to senior executives but did maintain the concerns related to conflicts of interest.

Based on this assessment, the Board of Directors adopted the following measures for improvements, included in the *2020 Action Plan*:

Online educational courses for directors

It has become clear that there is a need to offer educational courses to directors. Therefore, the company has offered four courses on corporate governance, a course on online payment measures, a course on human resources and diversity, a course on new regulations, and a course on purpose-driven companies. All of the courses were offered online, and directors were able to register for those that were of interest to them. This initiative will continue throughout 2021, with additional courses on subjects such as auditing and accounting, risk management, director selection and remuneration policies, and criminal liability of legal entities (scheduled for June 2021). Such courses will be offered online and in English or in Spanish.

Increased security for the "Director Portal"

The company has determined that the security of the Director Portal and the confidentiality of the data included in the Portal must be improved. A plan to protect the directors' personal information against disclosure was approved.

Fostering transparency and improving the information received by directors

It was resolved to hold one-on-one conversations with the chairperson, secretary, or deputy secretary of the Board of Directors to share ideas, foster transparency, and improve the information received by the directors.

Update of the *Regulations* of the Board of Directors

In 2021, Codere Group plans to amend its *Regulations* of the Board of Directors in order to update them and bring them into line with the new recommendations set forth in the *Good Governance Code of Listed Companies*, revised in June 2020.

05.3

Compliance

Codere Group's strategy for Compliance is based on standards that go **beyond the legal and regulatory requirements** for the industry in each country where it operates, in order to incorporate the **best practices for ensuring responsible gaming and fair play**.

Codere Group's main objective in compliance is to **be an industry leader**, thereby generating growth opportunities, exceeding the expectations of shareholders and investors, and promoting long-term sustainability.

Codere's compliance rules are a key component of its corporate strategy. Specifically, in addition to ensuring **strict compliance with laws on money laundering and terrorist financing**, the Group implements and monitors **processes that uphold ethics and integrity**. The company develops all procedures applicable to its business in accordance with the highest standards and requirements.

To this end, Codere Group uses manuals and documents approved by the company's Board of Directors, which set forth the standards for the activities carried out by its professionals and for their interactions with suppliers, customers, and third parties.

The Codere Group's Code of Ethics and Integrity, which is available to all its shareholders, employees, customers, suppliers, partners, and society in general, embodies the company's commitment to the principles of business ethics and transparency in all its operations

Codere Group's **Code of Ethics and Integrity** (CEI) is the cornerstone of the *Crime Prevention Model* and of the company's culture of integrity and transparency.

New Code of Ethics and Integrity

This year, Codere, as part of its strategy to redouble its commitment to responsibility and responsible management, **updated its Code of Ethics and Integrity**, which was approved by the Board of Directors on November 11, 2020. By updating the *Code of Ethics and Integrity*, the company has reaffirmed its commitment to carrying out its activities in compliance with existing laws and in accordance with the ethical standards and values that are the foundations of its business.

The new *Code of Ethics and Integrity* is an essential pillar of Codere Group's corporate culture. It includes the company's values and vision: **the customer at the center of its strategy, a focus on efficiency to ensure viability, teams committed to excellence, working with integrity and transparency, and an innovative attitude, leveraged by technology.**

In order to familiarize all Codere Group professionals with the *Code of Ethics and Integrity*, the Corporate Compliance team, together with those responsible for this area in the various business units, has **ensured that all group employees receive and accept the new Code of Ethics and Integrity and has provided introductory online training on the CEI, primarily carried out at the corporate level.**

In addition, in each of the countries where Codere operates, various forms of training have been carried out on the *Code of Ethics and Integrity*. Furthermore, any professionals who begin to work for the company in the future must accept the full content of the CEI and its associated policies and procedures, which will be attached to their employment contracts.

Pursuant to this Code, Codere undertakes to conduct its activities in accordance with the laws in force in the countries where it operates. Its contents are based on the highest international standards, namely the *United Nations Universal Declaration of Human Rights**, the International Labor Organization Conventions, the *ILO Declaration on Fundamental Principles and Rights at Work***, the OECD *Guidelines for Multinational Enterprises*, and the *UN Global Compact*.

The implementation and oversight of the *Code of Ethics and Integrity* is the responsibility of the Ethics, Anti-Fraud, and Criminal Compliance Committee, which reports to the Compliance Committee of Codere S.A. Compliance is responsible for its coordination at the corporate level and with local committees.

Among other functions, the Corporate Compliance and Legal Counsel Department is in charge of developing and implementing global policies on anti-money laundering and terrorist financing. The Ethics, Anti-Fraud, and Criminal Compliance Committee is responsible for policies regarding ethics and integrity rules, for overseeing and controlling their enforcement, and for training of employees in these areas.

In order to reinforce its commitment to compliance, in 2020 Codere Group also approved an **updated Criminal Risk Map**, designating the Ethics, Anti-Fraud, and Criminal Compliance Committee as the committee responsible for this area (monitoring and updating).

* Given that the content of Codere Group's Code of Ethics and Integrity is based on the United Nations Universal Declaration of Human Rights, the Code is deemed to include the company's commitment to the elimination of discrimination with respect to employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor.

** Given that the content of Codere Group's Code of Ethics and Integrity is based on the International Labor Organization (ILO) Conventions, the company commits to complying with the fundamental ILO conventions related to respect for freedom of association and the right to collective bargaining.

In 2020, the Corporate Compliance department provided 116 training sessions on the company's Code of Ethics and Integrity and its *Crime Prevention Model*.

Promoting use of the Complaints Hotline: guaranteed confidentiality and anonymity

Codere Group promotes a safe working environment, where all of its members can report potential violations of laws and regulations, the *Code of Ethics and Integrity*, and internal policies and procedures.

This year, the company has promoted the use of the **Complaints Hotline**, a communication tool **available to all employees, group suppliers, and any third party**. Its purpose is to facilitate the reporting of behavior that violates the CEI, as well as any other applicable procedure, internal rule, or law. In this way, Codere Group seeks to mitigate

and resolve any irregularities detected more quickly, reduce potential losses, and avoid damage to its reputation.

The Complaints Hotline is managed exclusively by the Compliance team, which is responsible for ensuring confidentiality and for processing the complaints received. In order to provide greater strength and transparency, the company has approved the creation of an Ethics, Anti-Fraud, and Criminal Compliance Committee, which we will discuss in the next section. This committee will be responsible for guaranteeing the proper functioning of the confidential complaints hotline and for investigating the facts reported through it.

These complaints may be made anonymously or not anonymously, **ensuring at all times the confidentiality** of the complainant's identity. This confidentiality, along with the **prohibition against taking any retaliatory measures**, are two unquestionable conditions that will also be monitored by this committee. The mechanism also allows the company to obtain information that would have been almost impossible to receive without the help of complainants.

The Complaints Hotline involves not only employees, but also the various stakeholders, since any third party can report irregular or inappropriate conduct that violates the *Code of Ethics and Integrity* or any other applicable regulations.

New Ethics, Anti-Fraud, and Criminal Compliance Committee

For the Group, exercising proper control means not only having ongoing review mechanisms in place, but also designating internal oversight bodies to monitor the company's risks and the functioning of the controls that have been implemented.

This control and monitoring function is the responsibility of the Ethics, Anti-Fraud, and Criminal Compliance Committee, an executive body of the audit committee and the compliance committee at the corporate level. The Board of Directors has given the Ethics, Anti-Fraud, and Criminal Compliance Committee sufficient oversight and control powers to conduct these activities independently, in terms of control and initiative in carrying out its functions.

The Ethics, Anti-Fraud, and Criminal Compliance Committee was formally established on November 26, 2020 at a meeting of the Board of Directors, which also approved its operating regulations, conflict of interest policy, and the plan to review the crime prevention model.

Codere Group's goal is to set up a committee in each country where it operates, or to set up a single committee for several subsidiaries, depending on the structures. The company has already determined the training schedule for the respective local committees, with the goal of implementing it throughout 2021.

With regard to the composition of the Ethics, Anti-Fraud, and Criminal Compliance Committee, it has been established with the following members:

Members of the Ethics, Anti-Fraud, and Criminal Compliance Committee

Corporate Director of Internal Audit

Corporate Director of Human Resources

Corporate Director of Security

Corporate Director of Legal Counsel and Compliance

In 2021, Codere Group is committed to reviewing and approve the **Corporate Manual on the Prevention of Money Laundering**, which will be mandatory in all the countries where the Group operates. In addition, Codere will focus on conducting due diligence processes of its own staff and third party staff, monitoring the crime prevention model, reviewing the preventive controls in place, and preparing and/or updating specific policies in this area.

Results of controls and actions in 2020

The company carries out various controls and actions with regard to applicable policies and regulations, in order to ensure proper compliance with these principles. The results of the main controls and actions implemented by the Compliance Department are described below:

Identification of customers

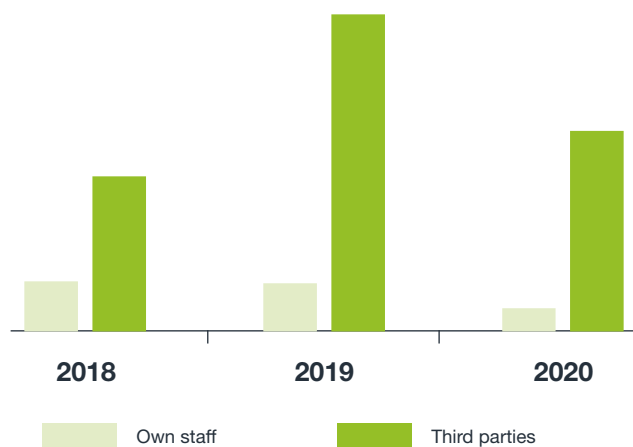
Identification of customers, due diligence on employees, suppliers, and partners: beyond the general concepts laid out in the documents produced by corporate management, each country has specific procedures and requirements to identify its customers, depending on whether they are gaming online or on site, to analyze their gaming behavior, and to possibly report them to the authorities responsible for money laundering and terrorist financing.

Furthermore, and to guarantee compliance with established legal duties and our ethical standards, the professionals and third parties who work for Codere Group are required to submit certain documents and information and to undergo a series of checks by the Compliance Department.

Due diligence conducted in 2020

Country	Own staff	Third parties
Spain	0	2,849
Argentina	35	23
Colombia	51	108
Italy	0	51
Mexico	237	0
Panama	39	272
Uruguay	12	0
Total	374	3,252

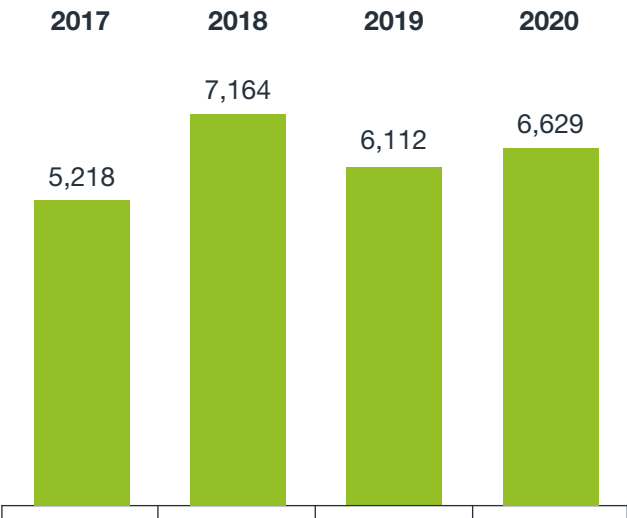
Due diligence processes



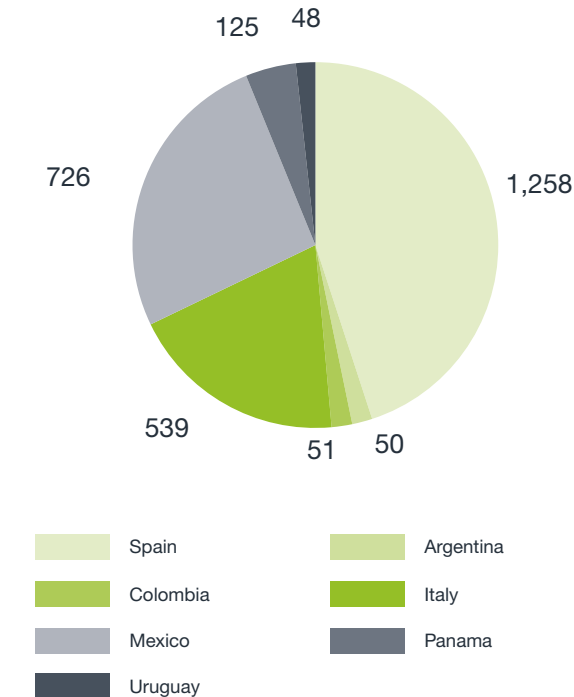
Training sessions

Training sessions for Codere Group’s professionals, in particular directors and senior executives, on current anti-money laundering laws and the *Code of Ethics and Integrity*.

2020 Training on Anti-Money laundering, Anti-Corruption, and the Code of Ethics



Number of employees signing the Code of Ethics and Integrity by country



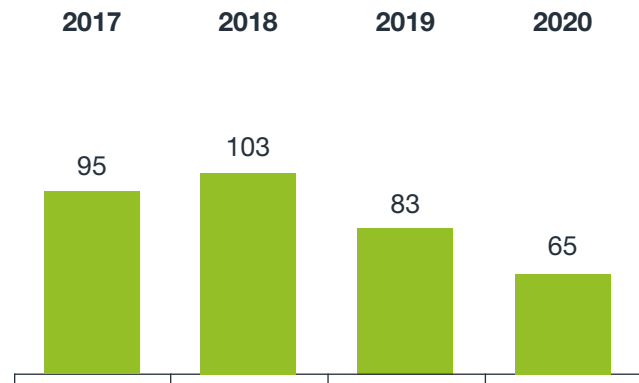
Complaints Hotline

In 2020, we received 65 complaints in total. 100% of these complaints have been successfully resolved*.

Complaints received in 2020

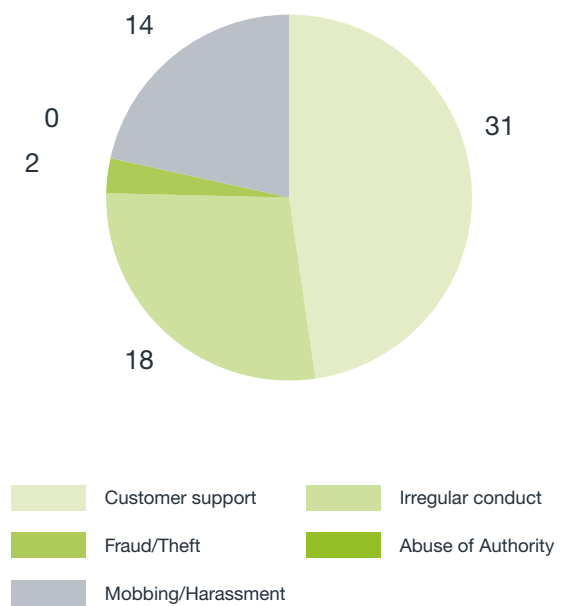
Country	Number of complaints
Spain	25
Argentina	4
Colombia	3
Italy	0
Mexico	29
Panama	0
Uruguay	4
Total	65

Whistleblowing hotline



Upon receiving the complaints, the company classifies them into five different groups: irregular conduct, customer support, fraud, mobbing and harassment, and abuse of authority.

Sort of actions carried out by whistleblowing hotline



* In 2020, there were no complaints of Human Rights violations. The categories of complaints received were customer service, irregular conduct, fraud/theft, mobbing/harassment, and abuse of authority; none of these complaints involved Human Rights violations.

05.4

Data protection

Codere Group attaches the utmost importance to the **protection and security of personal data**. Codere seeks to offer excellent service and lead the industry in privacy protection, avoiding the potential risks to the company and its audiences of inadequate information management.

That is why the organization has always aimed to comply with the general regulations on personal data protection and, specifically, the General Data Protection Regulation and the Organic Data Protection and Digital Rights Management Act. The company is also **committed to a proactive approach**, constantly reviewing and improving its internal procedures, policies, and protocols to respond to legislative changes and the needs of its employees, customers, and stakeholders.

Codere Group currently has a **Privacy Office** made up of each privacy director at its various business units.

Codere Group is fully and permanently committed to the security and protection of its customers' data. Its measures reinforcing the protection of its systems include security measures, encryption procedures, automatic reminders to change passwords, logouts, and notices of last access to the website.

In 2020, Codere Group's security systems for its databases were put to the test. It was demonstrated that these systems are effective and sufficient to respond to potential cybersecurity threats, which have only increased in number and complexity as a result of the Covid-19 health emergency.

Nevertheless, Codere experienced and resolved an incident in November 2020 in which an unauthorized third party gained access to some users' data (including email addresses and phone numbers). The incident was reported to the Spanish Data Protection Agency (AEPD) and the data subjects were notified. In addition, this prompted a review of the company's security measures to guarantee and improve comprehensive data security.

As proof of Codere's level of compliance with personal data protection regulations, the Group, since the EU General Data Protection Regulation came into force in May 2018, has not received or been subject to any penalty proceedings by the data protection authorities. Therefore, Codere has not received any penalties in this area.

The highest level of personal data protection in a pandemic

Temperature-taking in the context of the fight against Covid-19

Codere Group has implemented a *temperature-taking protocol* at its venues, using thermal cameras, as part of its occupational risk prevention obligations. Codere's Privacy Office has analyzed the personal data processing risk resulting from the protocol, with the goal of ensuring that it fulfills data protection regulations. In order to comply with the duty to inform of this processing, Codere has sent an internal email to employees, informing them of the data processing. In addition, several technical and organizational measures have been implemented to minimize the risks to data subjects' rights and freedoms as a result of this processing.

Video surveillance in the context of the fight against Covid-19

In order to monitor the use of health measures to fight Covid-19, Codere took measures to ensure that employees carry out the required actions. In compliance with its duty to inform, the company has updated its *video surveillance signs* in the areas where this monitoring is carried out. It has also modified the information clause on the video surveillance systems to include the purpose of *monitoring compliance with the health measures taken in the context of the emergency situation*, both at gaming venues and at the headquarters and regional offices. In order to take the most appropriate actions, the data processing risk has been analyzed and described in a *Risk Analysis Report*.

Right to digital disconnection

The Privacy Office participated in preparing the Codere Group's *Corporate Policy on Remote Work (Teleworking)*, including certain measures to guarantee employees' right to digital disconnection*, the implementation of security measures in teleworking situations, and a privacy policy to comply with the duty to inform of the processing of employee data. In addition, a commitment to employee confidentiality was included in the *Corporate Policy on Remote Work (Teleworking)*, in compliance with the internal policy on employment and the use and control of IT tools and equipment.

Security measures for processing particularly sensitive employee data

In order to provide coverage and security for the processing of special categories of employees' personal data, resulting from the fight against Covid-19, the Privacy Office issued a series of recommendations applying the principles of purpose limitation, proportionality, data minimization, and limitation of the retention period for such processing. It also recommended the assignment of profiles so that only authorized persons have access to this type of information, thus ensuring compliance with existing regulations.



Our main actions in 2020 and new goals for 2021

In addition to the intense work of responding to the new demands presented by the pandemic, Codere Group had numerous achievements in the area of personal data protection in 2020.

Several **campaigns to raise awareness** about incidents involving phishing were carried out at the international level. It was found that the level of awareness has generally increased and that there has been a decline in the number of incidents involving this form of social engineering.

Codere has continued to adapt to new regulatory requirements. For example, in compliance with Royal Decree 958/2020, of November 3, on advertising for gaming activities, Codere developed an automated mechanism to detect problem gamblers. Given the risk inherent in this data processing, Codere's Privacy Office is implementing measures to minimize the impact on individuals' rights and freedoms by conducting a data protection impact assessment.

Since June 2020, Codere has had an information security management system in place, in accordance with UNE-ISO/IEC Standard 27001:2014, for its IT systems providing on-site and online services for betting against the house, and providing online gaming services to other Codere Group entities.

Codere Group has also initiated certain actions to gradually comply with the latest ruling of the Court of Justice of the European Union, of July 16, 2020, Case C-311/18, *Schrems II*.

As one example of many, measures were taken to ensure the suitability of a supplier located in the United States. Specifically, it was requested that the servers be located in Europe; Codere's IT area was involved in these strategic collaborations and/or projects from the beginning of the plans involving international data transfers, to conduct the appropriate review and plan the mitigating measures; and evaluations were conducted of other technology service providers that pose a lower privacy risk, since data would not be accessed through an international transfer.

Moreover, the Privacy Office implemented a procedure with a supplier approval form, to perform

* Codere does not have a specific Disconnection from Work Policy. However, all group policies refer to compliance and respect for local regulations in this area.

due diligence when selecting data processors. An additional questionnaire was also prepared to analyze the risks arising from the data controller's processing of data, and appropriate technical and organizational measures to minimize these risks were subsequently proposed to the data controller.

In 2020, with the goal of adapting its corporate websites to the new **Spanish Data Protection Agency (AEPD) Cookies Guide**, the Privacy Office prepared a procedure to update the rules governing Codere's use of cookies. The data processing risk arising from the use of cookies was also analyzed to minimize this risk, taking into account the new Spanish Data Protection Agency (AEPD) guidelines and possible alternatives. In this regard, a proposal was made for new rules on the use of cookies on company websites, including informational texts (the cookies notice and the cookies policy) and a proposal for a cookies settings panel.

On the other hand, with the goal of unifying the different privacy policies for the countries where Codere Group operates, the Privacy Office harmonized **corporate policies on privacy and information security**.

To this end, the Privacy Office analyzed applicable data protection regulations and international information security standards. The Privacy Office also prepared an **Intragroup Agreement**, which seeks to standardize the flow of information among Codere companies. The agreement will apply whenever one company acts as a data processor for another Group company.

The *Intragroup Agreement* identifies the purposes and processing operations subject to the processing assignment and the resulting obligations, in accordance with Article 28 of the General Data Protection Regulation. Implementation of the agreement is pending approval at the corporate level.

In 2021, Codere Group will continue to run projects for the management of personal data protection with a view to redoubling its efforts to guarantee secure, reliable, and transparent processing of its customers' personal data.

Specifically, in the upcoming year, Codere Group plans to create a comprehensive privacy governance program for the entire company, by implementing a **Privacy Committee** that will complement the Data Protection Officer and the Privacy Office. Its functions will include informing and advising Codere in its capacity as data controller; supervising compliance with the *General Data Protection*

Regulation; advising on risks associated with processing operations; risk reporting; and relations with supervisory authorities.

Finally, the Privacy Office is assessing Codere's certification in the ISO/IEC 27701 standard, on privacy information management, to obtain this standard in 2021.

05.5

Cybersecurity

Cybersecurity is an indispensable part of Codere's value chain and a priority for the company, especially since both its business and its environment are increasingly moving online.

In recent years, there has been a growing number of cyber attacks on companies, so **the Group has given special importance to the protection of its technological infrastructure**, to the point of making it one of the main pillars of its management.

The coronavirus pandemic, and the resulting urgent implementation of teleworking to protect the Group's employees, has entailed an **additional effort** in this area by the organization over the past months, aimed at reinforcing the measures already in place with **new protection mechanisms**.

Codere understands the importance of intensifying the protection of its assets and information, training and raising awareness with its staff on cybersecurity issues, and having ad hoc strategic plans in this area to secure its business.

Due to the coronavirus pandemic, Codere has reinforced the measures already in place with new protection mechanisms

More alert than ever

In the face of a global health crisis, and under the slogan *Ciberseguridad somos todos* (*We are all Cybersecurity*), Codere has rapidly adapted to this unprecedented situation. The company has **proactively supervised its employees and has provided them with greater knowledge and tools** to make cybersecurity a fundamental part of the Group's culture.

The *Codere en Positivo* initiative—the corporate newsletter distributed internally during the pandemic as a meeting place, training tool, and information resource for employees—has contributed to this urgent change by creating a specific section on cybersecurity under the name “*Cibercovid-19*.” This section features specialized articles on the subject, with the goal of raising awareness among Group members and helping them to develop a secure IT teleworking environment.

This newsletter section has published **various recommendations and guidelines for employees**, with the aim of preventing them from falling victim to cyber attacks. In general, the recommendations have been based on three fundamental pillars: remaining alert and maximizing precautions against possible *coronacrimes*, using common sense, and preventing misinformation.

To fight misinformation, Codere has launched **regular information campaigns** related to potential threats, implemented **specific training plans** on cybersecurity, and conducted phishing simulation campaigns with its employees, in order to boost cybersecurity awareness and measure the level of knowledge on this type of attacks.

The healthcare crisis and the proliferation of cyber attacks have also forced Codere to **improve its security systems**. The company's cybersecurity actions include the following projects:

- **User management and privileged accounts:** the company has deployed a solution to protect privileged access, based on the principle of least privilege, which allows the company to control the access of staff with high-level privileges.
- **Advanced email protection and collaborative environment:** this solution has enabled Codere Group to minimize malicious emails, by applying artificial intelligence to detect malicious and suspicious content, and by identifying patterns of attacks to detect campaigns seeking to circumvent protection.
- **Distributed control and filtering of internet browsing:** to strengthen protection for remote work browsing, by raising the level of security in Codere's network and preventing access to fraudulent, suspicious, or untrustworthy websites.
- **Advanced protection and rapid response at the workstation:** this solution has enabled greater protection of workstations, by continuously monitoring and analyzing each position and making it easier to detect and prevent advanced threats. This approach has provided enhanced protection for company employees against ransomware, malware, viruses, and system intrusions.
- **Advanced network access controls:** We are currently deploying a market-leading solution for network access protection.

The innovative cybersecurity projects deployed by Codere Group clearly demonstrate the company's commitment to cybersecurity. These efforts, which the company has been making for some time now, were recognized in 2020 at the *IDC Security Conference* held in Madrid on February 11, where Codere was awarded the **Best Cybersecurity Initiative Prize** for developing a checklist of MSSPs selection criteria.

Main identified cybersecurity risks

The **preventive approach** to cybersecurity that Codere has implemented in recent years has enabled the company to already have systems in place to prevent and manage the risks associated with possible cyber attacks, when faced with unexpected situations like the one that occurred in 2020.

Codere continues to focus on **risks related to the specific nature of its business**. As a gaming operator, the company's performance is based on increasingly complex technology that must guarantee the best customer experience but also the validity and reliability of the results. Likewise, maintaining a high level of security and reliability of its information and systems is essential from both a regulatory and a reputational point of view.

The **most significant risks** that the company has had to face in this area include fraud, misuse of personal data, and risks associated with suppliers, in terms of software and machines, payment processing, and the development and maintenance of apps and online tools. Lastly, as in any other company, Codere is exposed to a greater or lesser extent to the risks of identity theft, malware, system crashes and the resulting downtime or data leaks, DDoS attacks, and other threats.

Security Master Plan (SMP) 2020-2023

In a context where regulation is increasingly strict, the risk of cyber attacks is growing, and users are becoming more demanding in terms of service performance, availability, and reliability, cybersecurity has become a fundamental pillar. That is why, in July 2020, a **cybersecurity capabilities analysis** was conducted, using the Cyber Strategy Framework (CSF). It should be noted that Codere has conducted two reviews, the first in 2017 and the second in July 2020, to assess its maturity level in four areas:

- **Governance:** risk management and the establishment, maintenance, and evolution of capabilities.
- **Protection:** measures in place to protect assets against cyber attacks.
- **Monitoring:** control of emerging threats and the proactive, automated management of these threats.
- **Resilience:** response to the occurrence of cyber-attacks, limiting their impact.

The goal of the review is to identify weak controls and measure the maturity level. In this way, it allows us to determine the scope of the three-year master plan, in accordance with the existing risks and opportunities in the environment where Codere operates.

Based on this analysis, the company updated the **Security Master Plan (SMP)** to improve its maturity level.

The *Security Master Plan* establishes a governance model that determines the priorities, responsibilities, and resources needed to improve security at the strategic, tactical, and operational levels. This structure, which provides the basis for Codere's system for fighting cyber attacks, consists of **three levels or barriers**:

- The first barrier is made up of employees, with significant efforts made for their training and awareness-raising.
- The second barrier is made up of the software and hardware that ward off the attack or, in the worst-case scenario, contain it during the first stages.
- Finally, if the cyberattack can not be contained, there is a third barrier that, according to Codere's risk management model, involves transferring the risk to third parties through a cyber-insurance to mitigate the company's losses.

At the organizational level, in 2020, Codere Group continued to move ahead in the process of the **integration of its organizational model**. A new structure was designed for the IT function, in order to promote a comprehensive vision of the Group's technological function.

Codere's Cybersecurity team has been reinforced with **external support from a technical office**, which allows for greater monitoring and continuity of projects, and a PMO.

In addition, a new corporate department, **Tech Risk & Security**, has been created. Its mission is to create the spaces needed for ways of working that improve the implementation of new technologies, especially in cybersecurity, operational security, the implementation of security policies, compliance, and local regulatory aspects.

The reinforcement of Codere's cybersecurity team simply reflects the company's commitment in this area, and will allow it to keep working on and promoting cybersecurity in the future.

Our actions in 2020

In addition to developing a new *Security Master Plan* and the projects described above, the company has taken a series of other cybersecurity actions:

- Renewal of ISO 27001 certification.
- Phishing simulation campaigns, which have allowed the company to constantly evaluate

its technical capabilities and generate new cybersecurity indicators.

- Tasks and projects have been implemented and prioritized according to the new threats identified.
- Updating of the regulatory framework. The relevant documents include:
 - Vulnerability management.
 - Cyber incident management.

In 2020, a **Business Continuity Plan** was launched, focused on the company's online platforms. Codere Group also has a *Response Plan* to cover both the monitoring of incidents and their escalation. This plan also documents early warnings.

Codere Group continues to be committed to strengthening the Cybersecurity area. Therefore, a series of projects will be implemented next year, based on:

- **Governance:** projects that manage risks by implementing governance structures to maintain and evolve cybersecurity capabilities, while also maintaining a vision of the threats that are being faced. Likewise, the company will continue to monitor cybersecurity actions and move forward in cybersecurity maturity and culture, using metrics.
- **Increasing protection against cyber attacks** by maintaining investments and improving measures to protect assets, especially IT assets.
- **Monitoring emerging threats** through multiple cyber intelligence sources and existing monitoring and detection mechanisms, in order to manage these threats proactively and in an automated manner.
- Strengthening our capacity to optimally, effectively, and efficiently **prepare for and respond to the occurrence of a cyber attack**, in order to limit its impact on the organization.

* Note: it is important to note that all security solutions are for global use and are applicable to all countries in which Codere Group operates.

05.6

Risk management

At Codere Group, actions aimed at controlling and mitigating risks always follow the basic principles of action established by the Board of Directors in the **General Risk Control and Management Policy**, such as:

- The incorporation of a risk-opportunity perspective in the Group's management.
- The operational segregation of the areas responsible for the analysis, control, and supervision of the company, ensuring that each area has an appropriate level of independence.
- Ensuring the proper use and recording of risk hedging instruments.
- Transparent information on the Group's risks and the correct operation of risk control systems.
- Ensuring proper compliance with good corporate governance rules and the values established for the company in its *Code of Ethics and Integrity*.

The *General Risk Control and Management Policy* lays out eight types of risks identified by the company, including corporate governance risk, operational risk, regulatory risk, tax risk, debt risk, country risk, technological risk, and reputational risk.

Responsibilities under Codere's Risk Control and Management System

The *General Risk Control and Management Policy* and its basic principles are implemented through a risk control and management system. This system operates based on the identification and assignment of operational roles and responsibilities, and based on appropriate procedures and methodologies for the various stages and activities of the system. These include:

- The definition of risk tolerance by the Board of Directors, which is reviewed and updated periodically.
- The annual identification and analysis of relevant risks, carried out by the heads of each business unit and/or local department, taking into account their possible impact on the key business objectives in each country.
- The annual update of the company's various risk maps (local, technological, and corporate).
- The reporting of the main risks, especially risks that are above the limits established by the Board of Directors.
- The implementation and control of compliance with policies, guidelines, and limits, through the appropriate procedures and systems required to mitigate the impact of the occurrence of risks.
- The regular assessment and reporting of the outcome of the monitoring of risk control and management.⁷ The process of auditing the system by the management of the Internal Audit area. The Audit Committee, pursuant to delegation by the Board of Directors, has made management of the Internal Audit area responsible for regularly reviewing the internal control and risk management systems.

In addition, at the corporate level, the Codere Group has a **Tax Risk Policy**, which is reviewed by the *Audit Committee*.

At the local level, each business unit regularly reports on the activities carried out and the risks that occurred in each country. This information is gathered by the Internal Audit area and is used to update the risk maps and draw up the **Non-Financial Reporting Statement** or *annual*

Integrated Report that is to be submitted to the Board of Directors of the group.

By updating the company's **Risk Maps**, Codere's Internal Audit defines its work plan for the year and the risk management process. To draw up the plan, they review the internal processes and procedures and the implementation of improvements determined during the year. The annual work plan identifies the risks that have occurred during that year.

Furthermore, on a yearly basis, the various internal audit areas in each country undergo an internal procedure called the **Quality Review**. Every year, the Internal Audit department organizes cross-reviews of the projects in each country, which means that subsidiary managers assess each other. This leads to synergies and the implementation of standard procedures in the entire Group.

Milestones reached by the Internal Audit area in 2020

The company's risk control and management activity has been intensified by the impact of Covid-19 on the Group's operations in all the jurisdictions where it operates. Codere has intensified its activities in this area, while continuing to effectively meet the challenges posed by the risks inherent to its business. In this regard, the Internal Audit area's efforts in 2020 have primarily yielded the following milestones:

- Performance of operational audits focused on the main risks, in keeping with the specific plans for each country.
- Continuity of the alert system to prevent loss of revenue and monitoring of Mexico's "Revenue Assurance" project, which regularly identifies predetermined events that alert to possible signs of fraud or poor performance so they can be promptly analyzed and corrected.
- Strengthening of the committees to follow up on Internal Audit recommendations, in order to implement the improvements suggested in the reports.
- Verification of proper regulatory compliance in the gaming halls, including a review of compliance with established Covid-19 protocols in 2020.
- Beginning of the automation of data extraction through the "Robotics" project, which automatically extracts data without the need for human intervention.
- Improvements in gaming software.

In addition, **additional procedures were implemented in 2020 to control possible accounting inconsistencies**. Specifically, Codere Group has implemented a system to automate and block the program for loading operational data into its accounting system, which also includes the reconciliation of the Group's monthly revenues.

For 2021, Codere Group's main objectives are to continue to strengthen the recently formed **Anti-Fraud Committee**, which aims to prevent fraudulent behavior in the organization and whose first meetings were held in 2020. The company also intends to continue with its strategy of digitalizing and automating procedures, by implementing new automated tools for obtaining various analysis parameters.

Codere group's procedure for risk control and management

In 2020, several types of **residual risks** occurred. These are risks that persist after the implementation of the Group's control and management procedure.

It should be noted that, during this year, a new risk occurred that was not identified in any of Codere Group's risk maps—the risk related to the public health emergency caused by the Covid-19 outbreak.

Risks resulting from Covid-19

Developments across the world have led to an unprecedented health crisis, which has had an impact on the macroeconomic environment and on business performance. To address this situation, each country where the Group operates has established preventive health measures to mitigate the risk of infection, which have led to the temporary closure of entertainment and recreation establishments, including the company's establishments.

These restrictions have led to the closure, for various periods of time, of all of Codere Group's on-site operations. Many these operations have been closed again in some markets during the second and third waves of the pandemic. In addition, the restrictions have led to the cancellation of practically all sports competitions for a period of time, which has also negatively affected the company's online business.

In this regard, Codere Group has identified four new types of risks in its risk maps, which had not been taken into account until now:

- **Risk of business continuity in the event of new** extended, widespread closures of establishments as a result of possible restrictive measures taken in the various markets in response to the pandemic. Despite Codere Group's demonstrated ability to adapt to adversity and to be flexible, the operational restrictions imposed to fight the pandemic could still significantly affect the company.
- **Risk of possible default on financial commitments** in the event of a significant reduction in revenues due to partial closures of gaming halls, restrictions on capacity and hours, etc. In this regard, Codere has implemented comprehensive procedures and tools for the continuous monitoring of its cash flow. However, in an uncertain, complex situation for accurate financial planning, due to the large fluctuations

in markets and business environments in general, the company has identified an increased liquidity risk.

- **Risk of new closures of establishments** after the reopening of operations. The company has made, and continues to make, every effort to ensure that its gaming halls are safe from Covid-19, by implementing effective protocols for infection prevention. However, there is a risk that the company could face further forced closures, as well as possible new outbreaks of Covid-19 that could cause the cancellation of sporting events.
- **Risks arising from collateral effects**, which may include difficulties in staff retention, labor contingencies, relationships with critical suppliers and/or the loss of some of their services, tax risks related to temporary layoffs (ERTEs), or an increase in risks related to cybersecurity as a result of the expansion of teleworking and the increase in online gaming.

In response to the health crisis caused by Covid-19, Codere Group has implemented a **Contingency Plan*** in order to maintain its liquidity position and to guarantee business continuity, by continuously monitoring cash flows and minimizing its payments. In addition, the company is in constant communication with its main suppliers to negotiate new payment schedules. The company pays special attention to the ongoing legislative changes that take place in the jurisdictions where it operates, in order to quickly and efficiently comply with any applicable obligations and recommendations, to protect the health of its employees and customers to the greatest extent possible.

* The Codere Group's *Contingency Plan* is discussed in greater detail in Chapter 6. *The Strength of Our Commitment to Investors*.

Regulatory risk

The gaming industry is highly regulated around the world. The company's activities, both on-site and online, are subject to the legislation in force in each country where it operates. In some cases, the company has to undergo rigorous controls, with limited licenses and high taxes; while in other cases, it faces strong competition and lower taxes. In all cases, tax, compliance, and data protection regulations are very relevant. Due to this, flexibility and capacity to adjust to the environment are essential for Codere.

In this regard, the regulation of certain aspects linked to the gaming industry (e.g. tobacco consumption in gaming halls, hours, restrictions on locations, or limits on advertising) may have a negative impact on the Group's revenue and its capacity to expand the business. Furthermore, the authorities may deny, revoke, suspend, or reject the renewal of licenses that the Codere already has in the jurisdictions where it operates. The renewal of licenses can be subject to uncertainty when, for example, regulations are not clear or may be amended or open to different interpretations.

Reputational risk

In all industries there is a clear link between regulatory risks and reputational risks, especially in today's information and communications age. This reality is clearer still in an industry where regulations and laws are being constantly amended and where public perception has not always been favorable.

The gaming industry is complex, and its status as an important economic sector that creates jobs and contributes to state coffers has not always been clear to society.

Political, economic, and currency risk associated with international operations

The company has diversified its activity and operates in different regions to limit its exposure to political and economic risks. However, like all businesses, it is sensitive to tensions in the countries where it operates. In this regard, the potential problems of recession, inflation, unemployment, and social conflicts in Latin American countries could affect the Group's profits and losses. The profits and losses from the Latin American operations are denominated in currencies other than the euro, and their depreciation could reduce the cash flows of the Latin American subsidiaries.

Risk of security breaches on gaming platforms

The existence of weaknesses in the operational gaming platforms could lead to unauthorized access and/or tampering with the gaming systems, which would lead to a loss of revenues or sensitive information from the operations.

Other extraordinary risks

The legal proceedings filed against the company by José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro, in connection with their claim challenging the corporate resolutions adopted by the Appointments, Remuneration, and Corporate Governance Committee on December 1, 2017 and by the Board of Directors on January 12, 2018, were suspended as a result of the health crisis caused by Covid-19. They are expected to take place in 2021.

Meanwhile, the arbitration proceeding against the company and against certain directors and shareholders of the company, requested in February 2018 by José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro before the International Chamber of Commerce, as a result of the resolutions adopted by the Board of Directors on January 12, 2018, is currently suspended. The final award is expected in 2021*.

Finally, it should be noted that, although in the previous year there was an emphasis on the risk of Codere's dependence on Argentina and Mexico, as well as the restrictions on cash transfers from Argentina, the company considers that such risks did not occur in 2020, given the effect of the pandemic on Codere Group's operations and profits in those countries.

The status of these two proceedings is described in greater detail in the note on legal actions in Codere Group's consolidated notes to the financial statements.

05.7

Transparency

Transparency is one of the primary values of Codere Group's culture. It is a fundamental principle that governs the actions of all the organization's professionals.

Proof of this is the fact that Codere is the only listed company in the gaming sector. Listing on the stock market requires the company to submit to a level of market *reporting*, or a transparency standard, which is much higher than that of its competitors in the markets where it operates. In particular, as a listed company, Codere:

- Is required to apply IAS/IFRS in its financial statements.
- Prepares its *Annual Corporate Governance Report*.
- Prepares its *Annual Report on Directors' Remuneration*.
- Is subject to *Non-Financial Reporting*.
- Notifies the market of relevant events occurring throughout the year by submitting privileged information and other relevant information to the National Securities Market Commission.

This *Integrated Report* is, in itself, a reflection of the company's commitment to integrity and transparency, which is the foundation of its corporate culture. Putting the customer at the center, working in teams committed to excellence, an innovative attitude leveraged by technology, and a focus on efficiency to ensure viability are the other foundational principles for the Group's actions. These values are reflected in Codere's day-to-day business, both internally, with its employees and its own organization, and externally, with customers, investors, regulators, suppliers, and the market in general.

Codere firmly believes in transparency as the only means to gain trust and credibility with investors, customers, and regulators

Internally, the group fosters transparency with its employees by offering them clear, complete, and regular information through its various active communication channels, especially its portal ***Codere actualidad***. This website has a dual function in the company's relationship with its employees. It informs them of all relevant aspects of developments in the Group, while it is also used as an additional tool to promote the cultural and strategic change in the company implemented by Codere in recent years.

In 2020, Codere further strengthened transparency within the organization through the ***Codere en positivo (Positive Codere)*** website. ***Codere en positivo***, created during the pandemic as the primary meeting place between Codere Group and its employees, shares issues involving the handling of the Covid-19 health crisis and its impact on the company, as well as information on how to handle the pandemic in the best way possible, through the knowledge of teleworking tools or cybersecurity training. This platform, where the Group's employees can share their experiences during this unprecedented period, encourages group and individual responsibility in solving the health crisis.

Likewise, at the external level, for yet another year the Codere Group showed a deep commitment to fiscal and accounting transparency. Proof of this is the company's ongoing efforts to ensure that its economic/financial information is complete, accurate, and truthful at all times, as required. The company's financial information faithfully reflects its economic, financial, and equity reality, in accordance with the generally accepted accounting principles and international financial reporting standards applicable to the group.

In this regard, the implementation of specific procedures in 2020 for the control of possible accounting inconsistencies is significant. Specifically, the company has implemented automation systems and the blocking of programs loading operational data onto its accounting system. This helps strengthen and continually improve the Group's tools for preventing any kind of manipulation of its accounting. Furthermore, an Antifraud Committee has been formed to prevent behavior violating the regulations in force in each market.

Corporate Tax Policy

Codere Group has a *Corporate Tax Policy* that sets forth the basic guidelines that should govern the Group's decisions and actions in connection with taxes.

This policy, like the other elements of the corporate governance system, is subject to constant review. Codere carries out all actions required to ensure that the policy remains properly up-to-date with ongoing changes in the environment, taking into account the volatility of tax regulations (particularly in the gaming sector) and the increase in transparency requirements for tax information.

Within the framework of the *Corporate Tax Policy*, the group has assumed the following general commitments:

- Compliance with existing tax law in the countries and territories where it operates.
- Making tax decisions based on a reasonable interpretation of applicable regulations and in close relationship with the Group's business activity, in line with the OECD's BEPS action plan.
- Strengthening relationships with the authorities based on trust, good faith, professionalism, collaboration, loyalty, and reciprocity, without prejudice to any legitimate disputes that, respecting the above principles and in defense of the company's interests, may arise with these authorities regarding the application of the rules as a result of possible interpretations of such rules.
- Not issuing or acquiring shares in companies domiciled in countries or territories considered to be tax havens, unless there is an express review and decision by the company's Board of Directors, and this is done in response to business reasons.

Moreover, Codere complies with the ever-increasing demand for tax transparency from its stakeholders, under standards aimed at constantly improving the quality of the tax information disclosed by the Group. (See paragraph 08.3. *Value Creation for Our Stakeholders. Tax Contribution.*)

Codere's pillars for tax control

As part of its Corporate Governance system for tax matters, Codere has a tax control framework that establishes the principles and action guidelines for tax risks, which are based on the following pillars:

- The establishment of a Corporate Tax Department that supervises the teams responsible for tax compliance in the various regions where the company operates. The Corporate Tax Department also leads the Group's actions in audit and inspection procedures initiated by the tax authorities in the various jurisdictions.
- The *Corporate Tax Policy* approved by the Board of Directors, which includes the principles of responsible business in tax matters.
- Information and approval by the Board of Directors or Audit Committee on relevant tax matters, depending on their complexity or impact on profit and loss.

Codere applies the utmost effort and commitment to strictly complying with tax laws, constantly reviewing its tax policies in order to improve processes

The strength of our commitment to investors

06

06.1

Investor relations

Codere Group is firmly committed to the **creation of value** for all of its stakeholders, especially its shareholders and investors.

The impact of Covid-19 generated **increased activity and interaction** with the group's investors, shareholders, and analysts during the year. This activity was especially intense from March to June, when the most severe effects of the health crisis took place in the countries where the company operates, with the resulting increase in uncertainty.



During this period, Codere increased its efforts to stand with its investors and keep them informed. The company held numerous weekly conversations to provide an **open, transparent dialogue** on the operating situation and the actions taken by the organization to respond to the situation and preserve its liquidity, in a period with an almost total absence of revenues.

Likewise, both the Spanish National Securities Market Commission (CNMV) and the company's other stakeholders were **constantly updated** on the status of operations, through privileged information reports and other relevant information reports issued by the company. Codere was also in constant communication with the credit rating agencies, which continuously monitored the situation and its impact on the company.

In 2020, the pandemic hit the global economy hard, with an especially strong impact on the hotel and leisure industry. This in turn impacted the gaming industry, with the closure of on-site establishments in the markets where the Group operates. The company moved quickly and efficiently to implement its **Contingency Plan**, with the goal of preserving liquidity, guaranteeing business continuity during the crisis, and subsequently recovering from the crisis.

In line with Codere's goal of maintaining its operations with sufficient guarantees until it reaches normal levels of business, the company reached an agreement with 80% of its bondholders to implement a **refinancing operation**. This enabled the group to meet its short-term liquidity needs and extend its debt maturities from 2021 to 2023, thus strengthening its medium-term and long-term sustainability.

It is worth emphasizing the **confidence** of Codere's corporate creditors in the company's strategy and future, which was essential for accomplishing the *refinancing operation*. Their confidence in the company enabled Codere to successfully execute a challenging, complex agreement at a time when uncertainty was very high worldwide, particularly for the gaming sector.

In addition, on January 14, 2020 the Group approved the **Policy on Communication and Contact with**

Shareholders, Institutional Investors, and Proxy Advisors, in line with its ongoing goal of improving communication and relations with shareholders and investors and of encouraging their involvement with the organization. This policy was recently updated and expanded to comply with recommendation 4 of the *Code of Good Governance for Listed Companies of the Spanish National Securities Market Commission (CNMV)*. It now includes the new *Policy on the Reporting of Economic/Financial, Non-Financial, and Corporate Information and on Communication and Contact with Shareholders, Institutional Investors, and Proxy Advisors*, approved by the Board of Directors on February 17, 2021.

The success of the complex refinancing operation agreed to by Codere and its bondholders has provided the Group with liquidity to deal with the impact of the pandemic and has highlighted investor confidence in the Group's project

06.2

Value creation for our shareholders and investors

Despite the strong impact of the health crisis on the markets where the company is present, all Codere operations resumed immediately as soon as the respective governments gradually lifted restrictions.

Codere's efforts to adapt to the situation and to prepare its operations for the moment when business could resume were rewarded by a **positive initial performance** when operations reopened. Even the company's preliminary expectations were surpassed: during the weeks following reopening, its operations reached 70% to 90% of the Group's revenue levels in the same period of 2019.

Throughout the year, the **value of Codere's shares** was volatile, with a downward trend, marked by the following significant events:

- From the end of February to the end of March, as a result of the outbreak of the pandemic, there was a generalized fall in markets as a result of the closures ordered by all governments in response to the expansion of Covid-19. This also caused a significant drop in the share price, of 30%.
- At the beginning of June, when governments in various countries began to lift restrictions and the company was able to gradually resume its operations in these markets, the expectations generated by Codere's *refinancing operation* agreement boosted its share price by up to 50%.
- Finally, in late October, the *refinancing operation* was successfully closed, which led to the stabilization of Codere's share price for the rest of the year.

2020 Share price performance chart



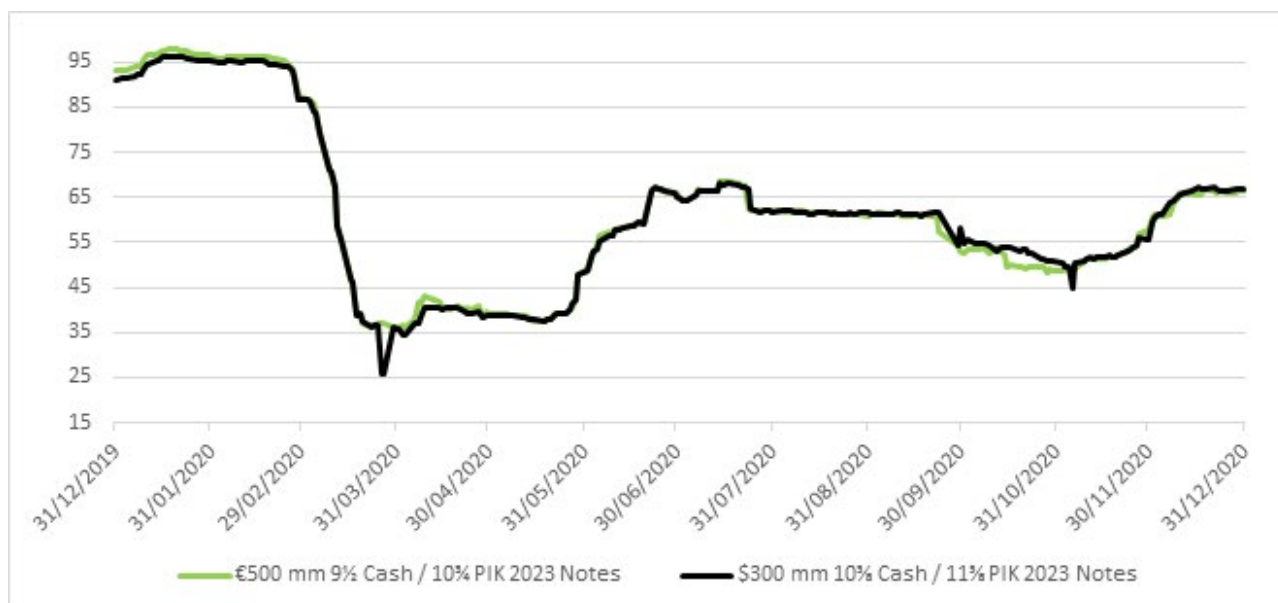
With regard to the **senior bonds** issued by the company, these had maintained an upward trend since late 2019, reaching levels of up to 97%.

However, after the first outbreak of Covid-19 in Europe, in February and March, the price of these bonds fell to around 35 points. This is where prices stayed until June, as a result of the spread of the pandemic to Latin American markets, with the resulting restrictions and preventive measures imposed by local governments, which led to the temporary closure of all of the company's on-site operations in late March (only the online business unit continued to operate).

However, since early June, as governments began to lift the restrictions and measures that had been imposed, and the Group was able to gradually resume operations, Codere's debt gradually recovered its value, reaching levels of nearly 60% by late July. This upward trend was prompted by both the strong initial performance of the reopened markets and the issuance of the company's first tranche of new super senior bonds, which significantly improved its liquidity position and improved expectations for the Group's viability.

Finally, although this upward trend was again negatively impacted in October as a result of the new temporary closures and restrictions imposed by governments in Italy and Spain due to the second wave of Covid-19 in Europe, the closing of the *refinancing operation* and market expectations prompted by the progress of the Covid-19 vaccine enabled Codere bonds to experience a significant recovery, reaching levels of 65% at the end of 2020.

2020 Bond performance chart



Contingency Plan

In 2020, Codere once again showed that it is a flexible company, with enormous capacity to adapt to adversity. Faced with the restrictions imposed by governments in the countries where it operates, Codere responded swiftly to each country's specific circumstances by implementing a *Contingency Plan*, with the goal of preserving and optimizing liquidity and guaranteeing business continuity.

Codere's **Contingency Plan** was structured around the following fundamental pillars:

- The suspension of all non-critical activity in halls and offices, including operational initiatives and investments (in both maintenance and growth), launching its search for additional liquidity.
- Prioritization of payments to maximize liquidity and ensure business continuity.
- Search for additional financing, including a 500 million peso loan in Mexico that matures in 2025 and the conclusion of the *refinancing operation*.
- The use of available lines of credit, at both the local and the corporate level.
- Negotiations and initiatives to reduce and/or defer fixed operating expenses, such as gaming fees, personnel costs, rentals, and supplies.

Along with the positive trend toward revenue recovery in the markets where operations have been able to resume, the *Contingency Plan* has enabled the company to significantly reduce both its monthly cash consumption and its fixed operating costs, which fell by more than 60% thanks to the efforts implemented during the closures.

Refinancing operation

On October 30, 2020, Codere completed a **refinancing operation** that enabled it to meet its short-term liquidity needs and extend its main debt maturities from 2021 to 2023.

The refinancing operation entailed a deepening of **corporate creditors' confidence** in the company's strategy and future, since it was supported by 80% of Codere's existing bondholders. In fact, during the second quarter of the year, the group began discussions to instruct financial advisors to implement a competitive process to obtain more liquidity. However, its main bondholders, many of whom have been investors in Codere since the bonds were issued, were the ones who showed their interest in supporting the company. This support entailed a joint search for a constructive solution that would allow the group to not only obtain liquidity, but also to extend its maturity dates and alleviate its financial burden for coming years, thereby providing it with a more stable, flexible **structure** to deal with the consequences of the pandemic.

The agreement included the issuance of **new super senior bonds** for a total of €250 million. These were issued in two tranches, an initial tranche of €85 million and an additional tranche of €165 million, with an expected maturity date of September 2023. Part of this injection of liquidity went to fully repay the company's €95 million *revolving* credit facility, **along with the costs of the operation and the October 2020 coupon payment on existing bonds.**

The *refinancing operation* also includes **modifications of the terms of the senior bonds** held by the company and traded on the Irish Stock Exchange, amounting to €500 million and \$300 million. The operation involved the extension of the bonds' maturity date by two years (i.e., until November 1, 2023, providing time for total refinancing when market conditions are more favorable), and an increase in their interest rate. The interest rate has a mandatory part to be paid in cash at 4.50% and, at option of the company, a complementary part to be paid in cash (at 5% for euro bonds and 5.875% for dollar bonds) or in kind (PIK), at 6.25% for euro bonds and 7.125% for dollar bonds.

The *refinancing operation* enabled Codere to **reinforce its liquidity position, strengthened** the Group's ability to deal with the remaining stages of the pandemic, and extended the 2021 maturity dates of its debt.

06.3

Fostering involvement by shareholders and investors

In 2020, the Codere Group maintained open, continuous dialogue with its investors, in both fixed income securities and equities, as well as analysts, credit rating agencies, and other market participants. The Codere Group provided these groups with all relevant information to enrich their analysis of the company and assess the risks and opportunities of investing in Codere stock or bonds. The company intensified these efforts as a result of the impact of the Covid-19 health crisis.



In 2020, the Codere Group published 45 relevant events, now categorized as Privileged Information reports or Other Relevant Information reports, and kept the market informed of all events of interest. In addition, despite the restrictions imposed as a result of Covid-19 and the cancellation of social events, Codere was present at several financial conferences with debt investors, where it sought to provide these investors with information on the performance of its business, the company's strategy, and its expectations. The most relevant of these events, which were held online due to the health situation, were the following:

- *Morgan Stanley's Online Annual Leveraged Finance Conference* (October 15): seven meetings with 29 fixed income investors, attended by the Group's financial director and the Investor Relations director.
- *Deutsche Bank's XXIV Online Annual Leveraged Finance Conference* (November 2 y 3): twelve meetings with over 30 fixed income investors, attended by the Group's financial director and the Investor Relations director.
- *BofAML Online European Credit Conference* (November 24): six meetings with 14 fixed income investors and credit analysts, attended by the Group's financial director and the Investor Relations director.

In addition, as a result of the Codere Group's commitment to strengthen its communications with investors, the Board of Directors, in accordance with recommendation 4 of the Good Governance Code for Listed Companies of the Spanish National Securities Market Commission (CNMV), approved at its January 14, 2020 meeting its *Policy for Communications and Contact with Shareholders, Institutional Investors, and Proxy Advisors*, recently updated and expanded. Through this policy, Codere seeks to foster ongoing dialogue with each of the company's stakeholders, in order to promote solid, stable relationships of trust and to strengthen transparency in the interests of the company. The general channels of information and communication with investors include the following:

Spanish National Securities Market Commission (CNMV)

The Spanish National Securities Market Commission is Codere Group's official channel for information for shareholders, institutional investors, and the market in general. Codere regularly files all required information with the Spanish National Securities Market Commission (CNMV) and provides other information of interest to its shareholders and investors through Privileged Information reports and Other Relevant Information reports. At the same time, this information is uploaded to the company's corporate website.

In 2020, a total of 45 reports (compared to a total of 18 in 2019) of Privileged Information and Other Relevant Information were submitted to the Spanish National Securities Market Commission (CNMV), published on the corporate website, and sent to the mailing list.

Corporate website

Codere's website, www.grupocodere.com, is constantly being updated. On the website, investors and the market in general can find extensive information about the Group's areas of activity and geographic presence.

The website has a specific section entitled "Shareholders and Investors," which includes all of the information required by the Spanish Corporations Act (*Ley de Sociedades de Capital*) and by the stock market regulations. In addition, the company publishes on its website the documents required by regulations regarding calls to meetings and sessions of the General Meeting of Shareholders, as well as announcements of its quarterly income statement and other relevant institutional or economic/financial information. Codere's website also provides direct access to complete recordings of each announcement of its income statements.

Announcements of quarterly income statements, as well as other relevant institutional or economic/financial information, are published on the corporate website. Interested parties are offered the opportunity to participate via conference call (webcast). Likewise, all documents required by existing regulations regarding calls to meetings and sessions of the general meeting of shareholders will also be published on the corporate website, and the online Shareholders' Forum will be activated.

Office of investors

Codere offers its shareholders and institutional investors a space for individual replies to their queries. The Group answers information requests correctly and in a timely manner, through an office located at the Codere corporate headquarters, a telephone helpline (+34 91 354 28 19), and an email address (inversor@codere.com).

In addition, a new section called “Email Alerts” has recently been created on the corporate website, where anyone interested in receiving Codere’s financial information will be automatically included on our mailing list when they fill out the subscription form.

Through the above email, Codere sends information to a list of institutional investors who have requested it. They are thus provided with information on relevant events, dates of announcements, and other news and information of interest that was previously published with the Spanish National Securities Market Commission (CNMV) or on the corporate website.

In 2020, the number of subscribers to the mailing list was over 800.

Webcasts and conference calls

Codere is committed to directly broadcasting its announcement of its quarterly income statements and other information of interest to the market, which facilitates access and participation by shareholders, investors, analysts, and all those who so wish, as an additional measure to stay informed. In addition, a recording of the broadcast is available for one year on the corporate website.

In 2020, more than 130 conference calls and four quarterly income statement presentations were held on the following dates:

- 4Q 2019 (February 2020)
- 1Q 2020 (May 2020)
- Q2 2020 (September 2020)
- 3Q 2020 (November 2020)

Conferences and meetings

The Codere Investor Relations team regularly organizes informational meetings on the Group’s performance or other aspects of interest to analysts and institutional investors. The company takes part in international financial conferences organized by third parties, organizes its own roadshows, and receives visits at its corporate offices. In addition, the Group organizes quarterly conference calls with the management team to talk about relevant financial issues with shareholders and investors.

In 2020, the department participated in three online financial conferences, discussed above.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest representative body for the company’s shareholders and is the primary channel for their participation. For its call to the General Meeting of Shareholders, Codere uses the services of financial intermediaries, agencies, and companies to better distribute information to its shareholders and investors.

The office of the General Secretary, with support from the Investor Relations area, is responsible for dialoging with shareholders and proxy advisors and answering their queries regarding the procedures available for exercising their rights in the framework of the Meeting of Shareholders (especially the rights to information, voting, and representation).

The Codere Group also has an Investor Relations Department within the company’s Economic/ Financial Division to liaise and communicate with shareholders and institutional investors. This department is responsible for preparing public announcements of quarterly income statements for analysts and investors, responding to requests for information, and organizing meetings and conference calls with stakeholders, while maintaining the transparency, consistency, and homogeneity of the information at all times.

In 2020, two Meetings of Shareholders were held (online):

- **General Meeting of Shareholders (July 24, 2020)**, with attendance of a total of 106,256,425 shares, present or by proxy, representing 89.6% of the share capital.
- **Extraordinary General Meeting of Shareholders (July 30, 2020)**, with attendance of a total of 57,338,802 shares, present or by proxy, representing 48.4% of the share capital.

Main objectives for 2021

In order to continue with the initiatives implemented in terms of relations with its shareholders and investors, the Group has established the following objectives to be met in 2021:

Continue to build stable, solid relationships of trust

Continue to foster ongoing dialogue with each of the company's stakeholders and, in particular, with its institutional investors and shareholders. Likewise, continue to promote Codere's commitment to responsible gaming by publicizing all of the initiatives carried out in this area.

Commitment to its legal reporting obligations

Maintain the company's strict compliance, correctly and in a timely manner, with the legally established reporting and information obligations (submission of income statements, financial statements, privileged information reports, and other relevant information reports to the Spanish National Securities Market Commission [CNMV], etc.), thereby providing shareholders and investors with information on the most relevant aspects of Codere at any time.

Transparency in information reporting

To continue to comply at all times with the principles of transparency, truthfulness, immediacy, and standardization of information, in order to ensure that shareholders receive all information that could be considered of interest to them in a clear and accessible manner.

Bolstering the confidence of the investment community

To continue along the lines of the work done in 2020 and to redouble our efforts to bolster the confidence of the entire investment community in Codere, so that the company is seen as a long-term investment and value-generating project.

Employees: key to our cultural transformation

07

07.1

Dealing with change

2020 has been an unprecedented year that has required us to be particularly resilient to adapt to the effects of the health crisis and face an extremely uncertain environment as well as we can.

Following the declaration of the pandemic in March and the resulting interruption to the company's on-site operations, Codere's Human Resources team has been busy diligently taking the necessary actions to adapt the group to these unusual circumstances. The main aims of this process were to establish teleworking, make the necessary staff adjustments to adapt the company's structure to the reality of the time, train the Group's employees to support them in the change process by providing them with the right tools, and prevent occupational hazards at workplaces.

Throughout this difficult time, Codere has shown a strong commitment to its employees, guaranteeing a minimum income for the members of the organization and providing assistance—both financial and in relation to goods and services—to those in situations of dire need.

The transformation process being promoted by the company since 2018 to meet the new challenges of the industry has also been greatly affected by the pandemic, which has caused significant delays in its implementation.

In any event, Codere has continued working on some of the main pillars of its *Transformation Plan*, completing the design of the *One People Plan* (which involves transforming the Human Resources department), the *One Finance Plan* (involving the transformation of the Administration and Accounts department), and the *Technology and Digitization Transformation Plan*.

In this context, Codere will keep working, giving priority to the overall development of the transformation process and driving the improvement of efficiency and value creation.

07.2

Employees: key players in our transformation

Employees play a key role in the Codere Group's activities. They are an essential part of the transformation process currently being carried out by the company.

At present, Codere has a total of 10,998 employees worldwide, a number that has fallen significantly — by 12.2% to be exact — since last year due to the adjustments made under the *Transformation Plan*, which aims for the digitization and automation of processes through globalization and the creation of shared service centers.

These changes have resulted in a more flexible organizational model with renewed profiles and simpler structures that make the organization more dynamic and lead to significantly better customer response times.

The majority of the Codere workforce is between 30 and 40 years old, and it is made up of 60% men and 40% women.

Codere staff by age ranges*

	2019	2020
<30 years old	3,768	2,452
30-39 years old	4,655	4,284
40-50 years old	2,928	3,013
>50 years old	1,178	1,249
Total	12,529	10,998

Codere employee profile



97%
Permanent contract



89%
Full-time contract



40%
Women



60%
Men

Codere staff by gender

	2018		2019	
	Total	%	Total	%
Women	5,136	40.99%	4,381	39.83%
Men	7,393	59.01%	6,617	60.17%
Total	12,529	100%	10,998.00	100%

In terms of geographic distribution, more than 71% of the workforce was located in Mexico, Argentina, and Spain in 2020, with the rest spread across the Group's four other markets and the corporate headquarters.

Geographic distribution of the Codere workforce

	2019		2020	
	Employees	%	Employees	%
Corporate	134	1.07%	126	1.15%
Spain	1,284	10.25%	1,218	11.07%
Argentina	2,731	21.80%	2,709	24.63%
Colombia	373	2.98%	307	2.79%
Italy	912	7.28%	781	7.10%
Mexico	4,900	39.11%	3,931	35.74%
Panama	901	7.19%	873	7.94%
Uruguay	1,237	9.87%	987	8.97%
Gibraltar	1	0.01%	1	0.01%
Israel	27	0.22%	32	0.29%
Malta	29	0.23%	33	0.30%
Total	12,529	100%	10,998	100%

By professional category, the bulk of the workforce is made up of operational employees, middle management, and technicians.

Codere workforce by job category

	2019		2020	
	Total	%	Total	%
Senior management	12	0.10%	11	0.10%
Managers	87	0.69%	92	0.84%
Middle management	2,023	16.15%	1,948	17.71%
Technicians	1,798	14.35%	1,753	15.94%
Administrative staff	539	4.30%	508	4.62%
Operational staff	8,070	64.41%	6,686	60.79%
Total	12,529	100.00%	10,998	100%

Finally, with regard to contract types, the vast majority of Codere staff (97%) were employed under permanent contracts in 2020. With regard to the number of hours worked, only 11% (1,240) were hired part-time*.

Total number and distribution of the different types of employment contract

	2019	2020
PERMANENT CONTRACTS	11,428	10,703
Full-time contracts	10,083	9,512
Part-time contracts	1,345	1,191
TEMPORARY CONTRACTS	1,101	295
Full-time contracts	832	246
Part-time contracts	269	49
Total	12,529	10,998

* Annex II of this report includes a breakdown of contracts by age range and job category.

07.3

Supporting our employees in the pandemic

The Covid-19 pandemic has posed a major challenge for the management of human resources, highlighting the important work carried out by the Human Resources department in these unusual times.

Since the start of the health crisis, the Human Resources department has made all possible adjustments. While giving priority to the reorganization of the structure based on the company's needs at all times, the Human Resources department has ensured the best possible sustainability of the Group and looked after the safety and wellbeing of both employees and customers.



To do so, the Codere Group has dealt with the situation by aiming to reduce costs, taking into account the possibilities permitted by local laws and regulations. The company has attempted to avoid redundancies, has guaranteed a minimum income for all employees, and, to the extent possible, has applied standard criteria to the Group's various business units.

This has entailed the need to drastically reduce staff costs in order to bring expenses into line with revenue in an emergency situation. The company has therefore used the staff cost reduction mechanisms available in each territory:

- In **Italy, Spain, and Uruguay**, where the State welfare systems have provided more assistance (Salary Integration Fund; Temporary Layoffs [ERTEs], and Unemployment Insurance, respectively), the company has used these systems and supplemented the resulting public benefits to ensure that each employee receives fair compensation.
- In **Argentina**, the assistance measures provided by the State have been applied, and agreements have been reached with workers' representatives to supplement the State aid to up to 75% of employees' actual earnings.
- In **Mexico, Panama, and Colombia**, which have weaker employee and company protection systems, agreements have been reached with workers' legal representatives to guarantee incomes of at least 35% of employees' usual earnings, establishing a minimum income equivalent to each country's minimum wage.

Covid-19 Solidarity Aid Fund for particularly vulnerable employees in the health crisis

When the pandemic first started in Europe, Codere established the **Covid-19 Solidarity Aid Fund** in anticipation of the financially fragile situation expected for the following months. The company therefore established an exceptional fund for employees in particularly vulnerable situations. This was in addition to any other kind of healthcare, logistics, food, or other assistance that might be offered by the company.

The Group initially endowed the fund with €200,000. This was supplemented by a collaborative and voluntary employee contribution of €8,500, a figure that was doubled by the company with a new contribution and added for this purpose. Codere subsequently contributed a further €100,000 to the fund.

In view of the difficulty of establishing fixed eligibility criteria for this aid, each application for support submitted by an employee has been independently considered by a Covid-19 aid committee. This committee has assessed each application and approval using a set of common guidelines, taking into account factors such as each employee's family obligations, the impact of the virus, and the reduction in their earnings.

This fund has enabled Codere to help up to 1,400 employees to date, thus alleviating their situation. By the end of the year, Codere had received 1,392 applications. Of these, 1,101 were approved, and €261,327 in aid was granted to the families most in need. At the beginning of 2021, 29 applications were still being assessed and 92 had been rejected on the basis that the applicant did not meet the stipulated requirements.

Most aid applications came from some of the Latin American business units. The economic precarity that certain countries were already suffering from, added to insufficient social protections provided by governments to their citizens and the high number

of jobs closely related to the company's operation, which was affected by the closing of gaming halls, has caused greater need in these territories during the pandemic.

Codere is committed to continuing its work on this program until the situation has returned to normal, in order to continue supporting all those employees who need it.



In view of the uncertainty caused by the situation, Codere has made a major **internal communication** effort to keep all its employees informed of the situation and the company's activities through the establishment of various channels such as **Codere en Positivo** and **Espacio Positivo***. Thanks to these channels, Codere has stayed in contact with over 7,000 employees who either have corporate email accounts or have given the company permission to send messages to their personal accounts

Agreement with Walmart for the temporary hiring of employees during the crisis

During the months of the pandemic, **Codere Argentina** signed a partnership agreement with the Walmart supermarket chain to give temporary jobs to 117 company employees who had been affected by the interruption to their work during the months of closure. This agreement has made it possible to supplement these employees' salaries and train them in other areas through collaborative practices between different industries that are going through difficult times due to the social and health emergency.

* For more information on the *Codere en Positivo* and *Espacio Positivo* channels, see Section 07.7 *Talent Attraction and Retention Mechanisms of this report*.

07.4

Transformation of the human resources department

In spite of the situation caused by the pandemic, the transformation process started by the company in 2018 to meet the new challenges facing the industry is still a priority at Codere.

Therefore, in February 2020 Codere embarked on the **implementation of Cornerstone**, a set of digital tools for the comprehensive management of the Group's Human Resources area. This process was interrupted in March and resumed in November, and its implementation is expected to continue until March 2022.



Furthermore, the Human Resources team has continued to work on the design of the **One People Master Plan** since October. This involves developing the Human Resources area towards a single integrated human resources unit, a goal that is expected to be achieved by June 2022.

Another area promoted by Codere is the **integration of payroll management processes** into a single system. This transformation will be complete by February 2022. With this action, Codere aims to achieve a more flexible organizational model and simpler structures, resulting in greater agility for the organization.

Also as part of the transformation process, Codere has conducted a study to **get to know its employees better**, identifying their concerns and expectations, so that it can make better decisions in situations involving greater responsibilities and future challenges. It has thus identified that their main concerns include matters such as uncertainty regarding the company's future and strategy; talent attraction, retention, and development; the achievement of a work-life balance; internal communications; and quality of life.

In order to respond to these matters, the company has established a set of priority actions for the human resources area as part of the **Corporate Social Responsibility Plan***. These are structured into five main pillars of action: **diversity and equality, inclusion, work-life balance and wellbeing, integration, and sustainability**.

A variety of actions, such as communication plans, training initiatives, and employee training strategies, have been included in each core area. Further detail on the plan's sustainability pillar can be found in Section 8.4, *Environmental Impact*.

Core areas of the *One People Master Plan*

- Construction of the Human Resources area.
- Construction of the Corporate Social Responsibility / Employees area.
- Establishment of the Technology and Personal Data area.
- Construction of the Global and Local Human Resources Specialization Centers.
- Construction of the People Business Partners team.
- Change management.

* In addition to the employee-related actions that are the subject of this chapter, the *CSR Plan* provides for other actions relating to the promotion of responsible gaming, set forth in Chapter 04. *A Firm Commitment to Responsibility of this report*.

Employee-related actions and initiatives of the 2020/2021 CSR Plan

Diversity and equality

- Analyzing and monitoring diversity in the group (e.g. gender, nationality, generations, cognitive styles, etc).
- Completing and implementing Spain's "Equality Plan" and starting the gender equality salary process.
- Designing and proposing initiatives to improve diversity.
- Improvement plans to include cultural barriers between countries.

Inclusion

- Designing and managing inclusion plans for people with disabilities:
 - Inclusion of people with disabilities (sensory, motor and learning disabilities)
 - LGBTI awareness and integration preparation program.
 - Identification, launch, and coordination of employee volunteering actions with an impact on the group's CSR plan.

Family-work balance and wellbeing

- Analyzing and monitoring the difficulties of achieving a work-life balance by level.
- Implementing the new Teleworking Policy.
- Identifying mechanisms to improve the work-life balance of Operations employees,
- Wellbeing:
 - Monitoring initiatives in business units.
 - Streamlining with the aim of fulfilling the group's interests.
 - Designing the Wellbeing Policy.

Integration

- Designing and implementing the Management Model in line with the new values.
- Improving the Onboarding plans for new employees.
- Including a value proposition for employees that improves our brand as an employer.
- Promoting and following up employees' suggestions (Ideas WOW!)
- Celebrating milestones and key moments.
- Standardizing celebrations.

Sustainability

- ¡Ecoreto!
 - Implementation of "getting rid of plastic" in the Group.
- Recycling project with leftover items to create a "Codere Crisis Support Fund".
- Analysis and rationalization of energy consumption in:
 - general lighting systems,
 - climate control systems, and
 - A&B refrigeration

07.5 Training

Training is key to the development of Codere's strategy. Through this, the company fosters the exchange of knowledge, reinforces the commitment of its employees, and drives the transformation of the company. This is why the Group encourages all its employees to undertake training on various subjects throughout their careers in accordance with their roles and responsibilities.



07.5.1

Training to support employees in the context of Covid-19

Due to the Covid-19 crisis and the closure of operations, this year's training has mainly focused on supporting employees in this situation by means of actions such as:

- **Promoting the *Espacio Positivo* platform.** This is an internal platform that can be accessed by all employees from a PC or mobile phone. Through *Espacio Positivo*, the Human Resources department has provided, in addition to other content from the company, training on health and wellbeing, leisure, and information on the situation of each business unit.
- **Training on teleworking and digital tools.** This training became available as soon as teams left their offices and started working from home, to ensure that they could do their jobs properly during lockdown.
- **Covid-19 protocol training.** Codere has designed a global plan with the local adaptations required by law to ensure a safe return to work for both customers and employees. The company has an online training program for this purpose. In addition, it has conducted online and face-to-face training sessions to ensure that all employees know how to work safely in all lines of business. The specific measures and biosafety protocols in the program have been adapted to local requirements in each case. In addition, in the case of Colombia, this online training has also been provided to employees in the partner network.
- **Constant contact between teams.** The training and development departments have carried out various local initiatives to maintain the contact and ties between the various teams (such as ConversAction in Italy, or managers' meetings in Argentina). Furthermore, a number of external networking initiatives enabling employees to share and update their knowledge by taking part in various forums and events have also been carried out.
- **Online training.** Over this past year, Codere has offered all its employees free online training programs of 30 hours per person on subjects including health, wellbeing, and the use of technology.

07.5.2

Training on responsible gaming and other contents included in the *Corporate Social Responsibility Plan*

This year, in the framework of the *Corporate Social Responsibility Plan*, Codere has started providing responsible gaming training* to all its employees, as well as training on the new *Code of Ethics and Integrity* and the Complaints Hotline**. In particular, Codere Spain has provided one training session on COFAR (Spanish Federation of gaming Businesses) responsible gaming certification for delegates who manage the hospitality establishments network.

Other training in the normal course of business

In this field, Codere has continued to provide training on criminal liability, the prevention of money laundering, security, compliance, and prevention, as well as specific on-the-job training. Both face-to-face and online language training (English, Italian, and Spanish), depending on the situation and current rules and regulations, has continued to be provided at the company's head offices.

* For more information on responsible gaming training, see Chapter 04. A Commitment to Responsibility of this report.

** For more information on training on the Code of Ethics and Integrity and the Complaints Hotline, see Chapter 5. Governance, Ethics and Compliance of this report.

Transfórmate Plan

Codere's *Transfórmate* Plan was established in 2018. This is a program for the provision of face-to-face and online training to give employees skills and drive the company's cultural transformation. The program uses the digital platform *TransFórmate*, which has 7,611 registered employees and consists of training actions structured around five areas of knowledge relating to the core areas of our strategy (change management, the customer-centric approach, digitization, efficiency, and culture).

Hours of training received by job category*

	2019	2020	Change from 2019-2020**
Senior management	84	29	-65%
Managers	3,108	1,059	-66%
Middle management	10,284	10,114	-2%
Technicians	5,849	5,654	-3%
Administrative staff	4,592	4,602	0%
Operational staff	45,883	16,847	-63%
Total	69,800	38,305	-45%

* Due to the organizational changes and the process that People area is undergoing, together with the situation caused by Covid-19, 2020 training hours do not include the data corresponding to Uruguay and part of the training hours in Spain. Currently, work is being done to implement a global people management system that will improve the global recording of this information in the future.

** The significant variation of 45% between the hours of training received in 2019 and those of 2020, is due to the temporary closure of the group's operations throughout the year as a consequence of the the pandemic.

07.6

Talent management

In spite of having the same talent identification and management tools as in previous years, these could not be applied in 2020 due to the closure of a large proportion of operations, some of which are yet to resume.

In any case, the Human Resources area has been working on the development and improvement of these tools so that they will be ready when operations resume. In addition, the processes for streamlining the digitization of the Human Resources function, planned for 2021, have been reviewed.

07.6.1

Identification of potential

One of the priorities of the Human Resources team is to involve middle managers in the process of identifying potential from the start, mainly in the field of operations and in gaming halls, which have more employees and more people reporting to each manager than the company's other functional areas.

In order to achieve this, the **“Codere Boxes”** tool was developed in 2020. The tool enables the PBP (*People Business Partner*, who is in charge of Human Resources in the operation), together with the gaming hall managers, coordinators, and managers, to carry out a preliminary assessment of potential based on a set of objective criteria.

By cross-referencing potential with actual performance, each employee is put into a category (Ace of Diamonds, King of Clubs, Queen of Hearts, Jack of Hearts, Numbers, or Reverse) to better manage their professional development and career.

For each box, Codere has established a set of development guidelines to be worked on for an employee's Individual Development Plan (IDP). The aim is to classify people using shared criteria and to identify the steps to be taken to encourage their performance and move them out of their current box.

07.6.2

Other professional development management tools

Codere has other tools for managing its employees' professional development. Although, like in the case of other tools, these could not be applied in 2020, the company has worked on updating them in order to improve and simplify the digitization process. These tools include, in particular:



Assessment of Skills (SEC)

In order to foster a culture in which the management of individuals and teams is based on continuous improvement, supervisors and employees meet every year at each business unit to analyze their progress during the year and receive feedback on their performance. At this meeting, the following year's goals and actions for improvement are set, and a preliminary identification of current and future skill development needs is carried out.



Global Management Value (GMV)

Codere has a manager development program to assess the skills and potential of its first- and second-level management teams. The aim is to identify strengths and areas of opportunity that are in line with growth expectations. The methods established are based on *development centers* led by specialized consultants. Growth and development plans are established based on the results obtained. Although no assessments of the management team could be carried out in 2020, its adaptation to the new culture and the values identified in the previous year has been addressed.



Rumbo Program

Rumbo is the program that enables the company to check its employees' potential and professional growth expectations. Using the *situational assessment* center method, multidisciplinary work teams assess employees' ability to take on future challenges involving greater responsibility. Although this program could not be carried out in 2020, we have worked on its integration with "Codere Boxes" in order to obtain better results in the future.



Assessment of gaming hall managers and operational supervisors

In view of the ongoing need to understand, and support, the development of the people in key positions at the company, in late 2019 Codere embarked on the assessment of 80 of its gaming hall managers in Mexico. The aim for 2020 was to continue to learn more about the remaining 700 middle managers in the country with key positions in the operational area.

However, just like all the other goals, this has been deferred to 2021. In addition, it now also includes the rest of the Northern Cone countries (Panama and Colombia) as well as, at a later stage, the Southern Cone countries (Argentina and Uruguay). It is estimated that between 1,000 and 2,000 key employees will take part in this program in 2021 and 2022.

07.6.3

Attraction and retention mechanisms

Attraction of talent

All the companies in the Codere Group work to attract, promote and retain the best talent while encouraging the personal and professional growth of its employees.

Regarding the attraction of talent, although Codere has always had a standard recruitment policy for the Group, ensuring quality in its processes, in 2020 it went one step further. During 2020, the Human Resources area joined the global transformation, and the Group's comprehensive proposal for talent attraction and recruitment was established.



In relation to this, Codere has started developing the foundations on which the global model will be based:

- **A value proposition that is unique to each candidate and employee.** This includes defining and positioning the Codere brand as a leading employer.
- **Digitalization and automation of processes.** Achieving a more efficient and effective talent attraction and recruitment process.
- **Visibility and monitoring of people in management positions.** This is done from the moment a candidate contacts Codere and throughout their career at the company. It leads to better decisions and enables us to draw up a development profile for our teams.
- **Defining our success profile.** This has an impact on the attraction and recruitment of the necessary profiles for the proper operation of the company.
- **A structured Onboarding process, with constant and online support.** This enables all employees to know what Codere's scope is and gives them the necessary training to succeed in their role from the start.
- **Training and support tools.** These provide support for the professionalization of internal processes, helping us understand at all times where the company is and where it needs to go in order to make the best possible and objective decisions.

Retention of talent

The company is constantly working to create a work environment that encourages its employees to stay at the company, on the basis of five pillars: internal promotion, internal communication, diversity and equal opportunities, equal remuneration, and wellbeing at work.

Internal promotion opportunities

In addition to attracting new talent, the company is committed to an internal promotion policy that gives employees the opportunity to hold positions involving greater responsibility. In relation to this, although this internal growth is already being encouraged in some business units through local vacancy portals and processes, in 2020 the company continued to work on a *Global Internal Promotion Policy*.

In addition, and as part of the Group's *Corporate Social Responsibility Plan*, the Group has prioritized building an internal leadership model that drives the development of leaders whose values are in line with corporate social responsibility and the transformation of the company. Another priority in the plan is to launch an ongoing assessment program for all employees to boost their performance in the organization.

Internal Communications

A large proportion of the internal communication efforts carried out this year have focused on pandemic-related employee care and support.

We have therefore increased our assistance tools on key issues both for those who have returned to work in person after on-site activities stopped and for those who have continued working from home. The company has provided comprehensive communication on issues of fundamental importance during this time, such as occupational risk prevention, Covid-19 prevention and safety protocols, tips for safe working, and cybersecurity and compliance recommendations, among others.

In addition, new information tools have been put in place, making it possible to stay in contact and bring people closer to each other to dispel any concerns that employees might have in relation to the pandemic and how it could affect the Group's work model. At the same time, Codere's various territories have worked hard to provide information at the local level in order to reach out and support employees during this period, adapting their messages to the specific case and circumstances of each area.

All this has been structured under the umbrella of the *Communications Plan* that has established the Group's main strategic lines of action in this field during the year. These are agreed upon by the areas involved (the business units and the corporate headquarters) at meetings of the Corporate Communications Committees (with participation by the Corporate Communication Department, Economic/Financial Department, the Legal Department, and the Human Resources Department) and the Country Communication Committees.

The communications area has also provided particularly significant support to the promotion and dissemination of the Group's *Corporate Social Responsibility Plan*. Thus, a variety of different contents have been prepared during the year, focusing on bringing employees into line with the global strategy and teaching them about the aspects that affect them as the main internal stakeholders, to inform them of the company's responsible actions and commitment so they can help implement them.

As part of this plan, the company also carried out a major effort to publicize the approval of the new *Code of Ethics and Integrity* and share information on the use of the Complaints Hotline, aimed at all employees.

Regarding a different matter, in accordance with Codere's philosophy of getting to know its staff better and understanding their needs, priorities, and motivations, Codere's Human Resources department carried out a number of internal surveys in 2020, whose results were then used as the basis for the CSR Plan and the projects to be carried out in 2021.



Finally, the Corporate Communications area also promoted some projects that were already being carried out during the previous year, such as "Ideas WOW," a channel made available by the company's management to its employees so they can send ideas and have them considered, as well as the design of a campaign for the dissemination of the Codere values and the behaviors associated with each of them.

Main tools in the field of internal communications

The following are some of the internal communication channels that were important at the global level in 2020:

- **Codere en positivo.** This is an internal information portal whose aim is to provide employees with a meeting point during the pandemic for them to share experiences and learn, among other things, about what's going on at the company at any given time, the vision of the Group's CEO, or the most relevant information on teleworking, cybersecurity,

Covid-19 prevention, and responsibility. In 2020 the portal received over 53,000 visits from more than 12,000 unique users.

- **Codere actualidad.** The corporate newsletter has supported employees by providing internal reports and news on both the organization and the industry, as well as editorial content from the General Manager, reflecting the Group's values and culture and keeping everyone up to date with the company's news.
- **Codere informa.** This consists of communications with employees involving emails with up-to-date information on the Group's most relevant global issues (such as appointments, notifications from each area, or reminders of rules or protocols). Around 150 such communications were issued over the year.
- **Management-Employee Breakfasts.** This year, the breakfasts have had to be temporarily suspended. However, the company is planning on bringing them back in 2021, as they provide an excellent tool for putting different employees in contact with the group's management and having open discussions on people's concerns and issues of relevance to the company. In any case, similar meetings were held online by the Human Resources department in 2020 ("tele-café"). These featured the Group's CEO, external guests who gave motivational talks (with titles such as "The German Miracle" or "The Samurai Model of Leadership"), and talks by education experts. In addition, an online meeting was held with the best contributors to *Espacio Positivo*, i.e. those people who were most active on this platform during the pandemic.



Diversity and equal opportunities

The Group has a *Code of Conduct* through which it promotes diversity, equal opportunities, and non-discrimination at every stage of its employment relationship with its staff.

It is therefore not surprising that Codere has a very diverse workforce, with people from over 43 different nationalities, which means that diversity is part of the company's values and defines the Group's essence to a large extent.

Codere believes that having a diverse workforce fosters employees' growth and personal development while encouraging creativity and new ideas. For this reason, the company promotes understanding among the various cultures in the Group and encourages the proper application of its internal behavior rules. In relation to this, the company is working with a team of external advisors on the development of an Equality Plan, which is expected to be approved in early 2021.

The company works not only to achieve a workplace environment that is free from discrimination but also to ensure that the workplace is a safe environment where employees' rights are respected. Along the same lines, in addition to the rules established in the *Corporate Code of Conduct*, most countries have taken specific steps, such as the approval of a *Workplace Harassment Prevention and Response Protocol*.

Diversity, equality, inclusion, and integrity as the Mainstays of the *Employee responsibility plan*

The main pillars of the company's employee *CSR Plan* are diversity, equality, inclusion, and integration. A number of actions to improve the group's performance have been defined within these pillars, including:

- Monitoring and analyzing Codere's diversity as regards gender, age, and nationality.
- Designing proposals to improve diversity and plans to improve cultural barriers between countries.
- Designing and managing inclusion plans for people with disabilities (sensory, motor, and learning disabilities) and an awareness and preparation program for the inclusion of LGBTI individuals, which started in 2020 with an awareness talk for the entire team.
- Creating workplace harassment prevention and response policies and protocols.
- Designing and implementing a management model that is in line with the company's new values.
- Improving new-employee onboarding plans.
- Integrating a value proposition for our employees with the aim of enhancing the Codere brand as an employer.
- Promoting and following up on the suggestions made by employees through the Ideas WOW program, which has been in place since 2019.

Ensuring the inclusion of people with any kind of disability is another area in which Codere is working to promote inclusion and equal opportunities. The Codere workforce currently includes a total of 65 differently abled professionals (0.6% of the total workforce), a figure that has slightly decreased (7% less) compared to the 70 employees in the previous year. This figure will be increased in coming years through specific hiring plans. In relation to this, Codere outsources professional services, such as cleaning services for offices and gaming halls, to people with disabilities through special job centers.

In addition, some countries have carried out initiatives to directly contact organizations working in this field. Below are some examples of this:

- In **Spain**, Codere has had an agreement with Zauma Inclusión y Diversidad, a specialist consulting firm, to hire people with disabilities, since 2019.* This partnership scheme also operates in Argentina, where the company collaborates with the consulting firm Inclúyeme to boost recruitment of people with disabilities and to receive advice on other aspects of employment and gender inclusion.
- Also in **Argentina**, the company collaborates with organizations and workshops that employ people with disabilities to make a variety of products (such as Christmas decorations, clothes and accessories, trash bags, bakery products, etc.) by buying these products and donating them to other organizations that need them or using them as corporate gifts at the end of the year. The company has collaborated with institutions including the CE.DI.O Center, Aimé Nendivé, and Portal del Sol.

At present, most of Codere's facilities—whether they are the headquarters, the offices, or the gaming halls—comply with the requirements for guaranteeing access to people with reduced mobility. Codere Colombia has started a project for more accessible toilets and mobility at its headquarters.

Equal remuneration

Codere believes that remuneration is key to attracting and retaining the best talent. To do this, the company has a specific model involving categories of fixed remuneration (based on the analysis and assessment of jobs, internal fairness, and external competition) and variable (short-term) remuneration. This model is in accordance with the collective bargaining agreement and ensures equal pay and non-discrimination.

The average remuneration of employees at the company fell between 2019 and 2020 for both men and women. However, the differences detected showed a gender gap that varied depending on the categories, as shown in the table below.

*When the number of people with disabilities hired by Codere is not enough to reach the minimum levels established by law, the company requests the appropriate exemption certificate to, in this case, hire people with disabilities indirectly through Special Job Centers.

Average remuneration by gender and job category (Euros) and pay gap¹

	2018				2019			
	Average remuneration for men	Average remuneration for women	Total	Gender gap	Average remuneration for men	Average remuneration for women	Total	Gender gap
Senior management	355,418.00	-	355,418	100%	347,720	-	347,720	100%
Managers	124,458	102,365	119,887	18%	121,837	99,513	116,741	18%
Middle management	23,947	19,249	22,317	20%	21,847	17,203	20,264	21%
Technicians	16,567	17,425	16,791	-5%	14,906	16,621	15,370	-12%
Administrative staff	16,340	19,223	18,168	-18%	16,638	19,253	18,309	-16%
Operational staff	10,027	8,909	9,528	11%	9,490	8,339	8,991	12%
Total Codere	15,489	12,117	14,107	21%	14,900	11,824	13,675	21%

*The average remuneration was calculated based on the workforce existing at the end of the year. It includes both fixed and variable remuneration, and the amount has been annualized (the time actually worked by employees during the year). In addition to fixed and variable remuneration, the figures include the employment benefits received by employees. Based on the average remuneration, the gender gap was calculated using the following formula: Gender gap = 1 - (average remuneration of women / average remuneration of men)

Average Remuneration of Directors and Managers

	2019		2020	
	Men	Women	Men	Women
Senior Management*	371,027	-	347,720	-
Directors	165,177	-	225,333	-

*The following were considered as part of Senior Management: top-level executives of the Company (the Group's CEO) and the people reporting directly to the CEO (regional managers, country managers, COOs and other top-level managers).

**The directors' remuneration for 2019 and 2020 was calculated taking into account the number of days that each director has been a member of the Board. If this has not been a full year, the remuneration received has been annualized. For this calculation, only the fixed remuneration received for being a member of the Board and its executive committees has been taken into account, ignoring any amounts of severance pay received or other items. No directors at Codere are currently receiving variable remuneration.

¹ Annex II of this report includes other indicators relating to various Human Resources matters, such as average remuneration, broken down by gender, age, and job category.

Wellbeing at the workplace

The company is constantly implementing measures relating to its employees' wellbeing at work in each country in which it operates. These measures have focused, among other areas, on the prevention and improvement of health at work, sports initiatives, getting employees home safely at night when they end their working day later than scheduled, and volunteering and partnerships with NGOs.

In addition, the company encourages employee unions as a way to facilitate labor relations and improve employees' working conditions on an ongoing basis. These working conditions are reflected in the collective bargaining agreements reached. In most countries where Codere operates (see table), the majority of employees are subject to such collective bargaining agreements, whether they are industry-wide or specific to the Codere Group.

Actions to support employees' work-life balance are another key aspect of wellbeing at work. The company has had a *Working Hours and Time Monitoring Policy*³ for the companies located in Spain since 2019. In addition, it is working on the development of an IT tool for the electronic implementation of the process.

Percentage of employees covered by a collective bargaining agreement by country

Country	2019	2020
Corporate ¹	100%	100%
Spain ²	76%	73%
Argentina	84%	86%
Colombia	38%	35%
Italy	100%	100%
Mexico	34%	38%
Panama	17%	19%
Uruguay	94%	93%
Gibraltar	-	0%
Israel	-	0%
Malta	-	0%

¹ Employees in the "Corporate" category work in the company's core services.

² Employees in the "Spain" category are those who work mostly in the business lines involving "B" slot machines, bingos, and the company's own gaming establishments. The percentage of employees covered by a collective bargaining agreement in this last business line is less than 100%, as there is no specific agreement for the betting industry in our country. In any event, employees' rights as workers are guaranteed by the applicable labor legislation. 73% of employees who are covered by a collective bargaining agreement are covered by agreements of other industries, such as the hospitality, commerce, or metal industries. In addition, 22% of Codere Spain staff is covered by the actions of the local Health and Safety Committees.

³ Codere does not have a specific Disconnection from Work Policy. However, all Group Policies refer to compliance and respect for local regulations in this area.

Codere encourages the organization of work shifts¹ in order to adapt them to the company's needs and those of its employees through globally designed and managed initiatives, following the rules established by employees' collective bargaining agreements and existing law in each country. As part of the *CSR Plan*, wellbeing and the achievement of a work-life balance have been added as a priority, and three priority actions aimed at increasing wellbeing at work have been defined within it:

- Analysis and monitoring of the difficulties of achieving work-life balance in the Group.
- Implementation, which has already been approved, of a new *Teleworking Policy*. The development of this policy was accelerated by the urgent need to establish guidelines and procedures for home working as a result of the health crisis. This will be implemented once the special restrictions relating to Covid have ceased to apply. Together with this policy, Codere has developed a *Guide to Teleworking* which it hopes will help employees adapt to the new circumstances and the new way of working by means of tips and tools in this field.
- Identification of mechanisms to improve the work-life balance of employees who are unable to work remotely (operations).

All of the actions implemented and the work carried out by Codere to promote its employees' wellbeing at work have led to high job satisfaction and a low rate of absenteeism².

In 2020, the company recorded a very low number of hours of absenteeism: 711,983 hours out of a total 12,085,871 hours worked. This figure is equivalent to 5.89% of the total number of hours worked. This is an increase from last year (891,005 hours, which is equivalent to 3.06% of the total number of hours worked)³.

¹ Codere desarrolla una actividad en el sector del juego de gran complejidad dada su diversificación geográfica internacional y las particulares casuísticas en sus distintos centros de trabajo (oficinas centrales, delegaciones y negocios: Hipódromos, máquinas, salas de juego, que entrañan una gran complejidad estructural, especialmente a nivel de sala: puntos de apuestas, bingos, salas de máquinas). A esto hay que sumar las diferencias existentes por las normativas regionales y autonómicas de estos centros (en el caso español) y a nivel país, ya que los negocios tienen distintas normativas en función de los países en los que están ubicados. Por otra parte, Grupo Codere es consciente de la importancia de conciliar la actividad profesional con la vida familiar, a través de medidas de flexibilización de horarios, cuando la actividad lo permite, o acercando determinados servicios a los centros de trabajo, evitando desplazamientos y pérdidas de tiempo a nuestros colaboradores. Por ello buscamos un equilibrio entre el desarrollo profesional en nuestra actividad y la dedicación a los quehaceres familiares, que redunde en una mayor aportación de valor de los empleados, a la vez que mejora su estimación del entorno y condiciones laborales.

² Dentro del número de horas de absentismo, se consideran: horas por ausencias no permitidas, horas por accidente laboral, con baja y sin baja y horas por ausencias por enfermedad común, con baja y sin baja.

³ El incremento del porcentaje en absentismo se debe principalmente al detrimento de horas totales trabajadas por la Covid19.

07.7

Health and safety at work

This year, the management of health and safety at work has focused on preventing the spread of Covid-19 by means of preventive measures for the return to work and compliance with the laws and regulations established in each country. Since the start of the pandemic, Codere has worked on protecting the health and safety of its employees, customers, and other groups involved in the Group's activities.

Thanks to the joint effort made, best practices have been uniformly maintained in every country, in many cases leading to better measures in excess of the requirements established by each government.

Codere established a **Covid-19 Monitoring Committee** from the outset to monitor the measures put in place and ensure a safe return to work. The company has developed a *Covid-19 Protocol* to regulate these measures. This is constantly updated to allow the organization to adapt to changes in health legislation and protocols. Communications relating to the protocol are published on the company's Intranet, which can be accessed by all employees.

Through the provisions of the protocol and the laws applicable to the rules of each country, Codere has put in place a number of initiatives and preventive measures during the crisis, of which the following are particularly worth noting:

- **Monitoring of positive cases, close contacts, and employees with symptoms:** Employees have been monitored to understand the evolution of their symptoms, quarantine times, medical leave, and tests carried out in connection with Covid-19. As a result of this monitoring effort, employees have received advice and the company has been able to carry out studies of close contacts in the workplace, including disinfecting sites where positive cases have been identified.
- **Implementation of a daily reporting mechanism:** Codere has established a daily reporting system for cases in each country through the PBPs (*People Business Partners*).
- **Control measures for monitoring preventive measures:** The company has implemented control systems (based on video surveillance or direct observation) to ensure that the approved preventive measures are properly carried out. In addition, a disciplinary system has been established to prevent any behavior in contravention of the prevention efforts.
- **Protocols for the return to work:** Codere has established a Committee for the Return to Work and the Office to coordinate preparing the protocols needed to ensure employees' and customers' safe return to the Group's gaming halls and facilities.
- **Adaptation to teleworking and work guides:** In March, the company successfully placed around 2,800 employees in a position to start teleworking productively in the space of about 20 days. To do this, those employees who didn't already have it were given the necessary computer equipment, and secure access to the company's systems was enabled in order to facilitate home working. Furthermore, online training was provided, and specific materials (such as guides and presentations) were developed to train these employees and help them adapt to the situation.
- **Staff training:** With a view to returning to work, the Group has provided both online and face-to-face training to ensure a safe return to its facilities for all employees (operations and core services staff). All those employees who have returned to work have received this training before going back.
- **Adaptation of facilities:** Codere has designed and carried out the changes needed in its

facilities to prevent new infections, as well as putting up all appropriate signs and posters to remind everyone of the prevention messages contained in the various local laws and regulations.

- **Employees who are particularly vulnerable to Covid-19:** A specific protocol has been established for employees suffering from diseases or conditions that may place them at high risk if they contract the virus.
- **Drawing up a set of work instructions for each job:** A set of instructions has been drawn up for every job, setting out in detail the preventive measures to be observed by each employee according to their role.

Covid-19 infection monitoring system

Thanks to the mechanisms put in place to monitor cases and prevent the spread of the virus, Codere has successfully kept the number of infections at relatively "low" levels. In total, as of December 31, 2020, Codere had recorded a total of 279 positive cases among its employees. Of these, 192 had symptoms and five died. Another indicator monitored by the company was the number of employees who had been in contact with people who had confirmed or suspected Covid-19, which added up to 364 people.

07.7.1

Other actions taken in the field of occupational health and safety

Codere has continued to carry out initiatives in the ordinary course of business to promote the health and safety of all Group employees as well as customers. In relation to this, training courses on fire prevention, occupational risk prevention, and first aid, as well as other actions implemented at local level, have been provided:

Argentina

- Training of employee representatives provided by workplace risk insurers at establishments with a high occupational accident rate.
- Advice on prevention measures and redress in the event of accidents or illness at work.

Uruguay

- A prevention expert in charge of visiting the various sites and analyzing their working conditions from the point of view of employee health and safety.
- An Occupational Health Commission made up of both company and employee representatives with the main aim of monitoring working conditions on an ongoing basis and establishing the preventive and corrective actions to be taken as a result of the observations made.

Italy

- Establishment of a formal committee for each production unit, which meets annually to assess and improve safety-related actions.

Colombia

- Existence of an Employee/Employer Occupational Health and Safety Committee made up of staff trained to respond to employees' needs.
- Establishment of an *Occupational Health and Safety Policy* through which the company undertakes to ensure the identification, assessment, and control or elimination of the risks entailed in all the activities carried out by the company.

Mexico

- Creation of joint health and safety committees.
- Carrying out a communication campaign on the laws and regulations on the prevention of psychosocial risks (NOM035) in order to identify, assess, and control psychosocial risks among employees and promote a favorable environment in the organization.
- Development and approval of a *Psychosocial Risk Policy*.

Spain

- Availability of a medical service provided by occupational accident mutual insurance companies (which work in partnership with the social security authorities).

Panama

- In addition to the actions carried out by it to prevent infections, Panama has continued to reinforce its actions for the protection of employee health.

07.7.2

Occupational health and safety performance indicators

In 2020, Codere saw a sharp fall in accidents at work among its employees, with 78% fewer accidents than in 2019. This trend is to a great extent linked to a decrease in work activities and an increase in teleworking following the closure of the Group's facilities as a result of the pandemic.

As to occupational illnesses, these have also fallen significantly—to 94% less than in 2019—for the same reason. As a result, the frequency rate and severity index have also fallen sharply, by 47% and 99% respectively.

Accident rate¹

	2019			2020		
	Total	Men	Women	Total	Men	Women
Accidents ²	380	215	165	85	43	42
Frequency rate ³	13.18	12.61	13.99	7.03	5.74	9.15
Severity index ⁴	21.42	6.86	5.57	0.19	0.22	0.13
Confirmed occupational illnesses	18	13	4	1	0	1

¹ Since Codere Malta and Gibraltar do not produce accident rate or absenteeism reports, the number of hours worked has been estimated based on a total number of 1,800 hours worked per employee.

² Codere Spain does not count Covid-19 processes as accidents.

³ The frequency rate was obtained by dividing the number of accidents leading to medical leave by the number of hours worked, multiplied by 1,000,000.

⁴ The severity index was calculated by dividing the number of working days missed due to accidents leading to medical leave by the number of hours worked, multiplied by 1,000.

Contribution to the local community

08

08.1

Contribution to the environment

Beyond the *corporate social responsibility actions* (see chapter 4, *Our Commitment to CSR*; and Chapter 7, *Employees, Key to Our Cultural Transformation*), Codere also carries out other kinds of actions to contribute to the local community in which it operates and improve its relationship with stakeholders.

To achieve this, the company has established communication mechanisms and channels to identify and address its main target audiences' principal needs and expectations.

The significant contribution made by Codere to the socioeconomic growth of those communities in which it operates, creating quality jobs and supporting the sustainability of local finance through its tax payments, is worth noting in this regard. In 2020, Codere had a total of 10,998 employees, 97% of whom were employed under permanent contracts. In addition, this year alone, the company's total tax payment was €311.1 million, including €182.5 in special gaming taxes.*

Furthermore, the group carries out certain actions to reduce the environmental impact of its activities. Energy savings, the reduction of CO2 emissions, and proper waste management are the most relevant aspects in this regard.

* These total tax payments include both those paid on behalf of the company and those paid on behalf of third parties.

08.2

Contact mechanisms and assessment of impact on the community

Codere understands the importance of maintaining a proper and seamless relationship with its stakeholders for the progress of its activities and the best possible conduct of its business. It achieves this through various communication and contact channels that ensure it knows about these groups'

concerns and main issues of interest. Based on this information, Codere strives to adapt its policies and strategies as far as possible to the needs identified in order to align its business goals and values with the expectations stated.

Codere's stakeholders and main areas of interest in relation to the company

Shareholders	Transparency and value creation.
Customers	Quality and guarantee of supply. Promoting rules that ensure the protection of vulnerable groups.
Employees	Job stability, work-life balance, internal communication, and quality of life.
Investors	Sustainable growth.
Suppliers	Employment terms. Average payment period.
Media	Knowledge of the gaming industry and the company. Management of groups at risk and social impact of the company's activities.
Regulators	Transparency and protection of vulnerable people.

In addition to the various communication channels set out in detail in other chapters of this report, the company has the following channels for interacting with its stakeholders:

Customer support service

Codere has a claim management system (Customer support service) to address different types of incidents and complaints related to the service. This system has a protocol establishing how any complaints received or incidents reported should be dealt with and resolved. The protocol sets out the specific procedure for reviewing any request until a satisfactory solution can be found.

Complaints are received through different channels depending on the type of customer:

- Complaints arising from the *retail* business, either on partners' premises or on our own, are dealt with by phone. This year, contacts relating to the face-to-face business accounted for 25% of the total volume for the service. This figure, which is significantly lower than that of previous years, is the result of the closure of premises due to anti-Covid-19 restrictions.
- Complaints made by end customers of the online business are received primarily through digital chat mechanisms (through both the mobile app and the desktop channel) and account for 50% of the overall service. These customers can also contact us by telephone and/or email. These two channels accounted for the remaining 25% of incidents (5%).

In 2020, Codere received 81,577 complaints and requests to solve incidents through the channels mentioned above (as compared with 23,434 in 2019).*

The organization also encourages dialogue with customers through the various businesses' commercial websites, as well as at its points of sale and by means of satisfaction surveys.

Corporate website

The group keeps its external target audiences informed about the most noteworthy aspects of the business by publishing information of interest on its corporate website www.grupocodere.com.

This includes, among other materials, communications to the National Securities Market Commission (insider dealing and other relevant information), press releases, profit and loss reports, financial statements, and publications promoted by the company to increase the transparency of the industry. Furthermore, Codere's users can contact the main departments of the company.

The company's corporate website includes a press room specifically for journalists and the media through which they can access official press releases and corporate information and illustrations of interest. The corporate website also contains specific sections relating to the Investor Relations area, as well as access to the Whistleblowing Hotline**.

* The increase in the number of complaints received is mainly due to the interruptions to the business caused by the pandemic, which have brought many customer operations to a halt and led to more customer service work. However, this increase is also associated with the change in the method used to report data as, unlike in 2019, the incidents taken into account in 2020 include not only those recorded by means of calls and e-mails but also those recorded through Codere's chat facility.

** More detailed information on these contents can be found in chapters 5.2 Corporate Governance, 5.3 Compliance, and 6.3 Fostering Involvement by Shareholders and Investors.

Social Media

Codere has an active presence on the main social media platforms through both its own corporate profiles and those of the group's various businesses, through which it fosters dialogue with its followers and other persons interested in its activities. Below are the figures on the group's social media community at the end of 2020:



74.429
Followers



664.357
Followers



127.911
Followers



22.585
Followers



44.676
Followers

Relationship with investors*

In addition to the information provided on the group's **corporate website**, the company is in contact with its institutional investors and shareholders through the **Office of Investors**, which individually handles all queries and requests.

Codere also communicates with investors through the office located at the company headquarters, as well as through its dedicated **telephone hotline** (+34 91 354 28 19) and its **email address** (inversor@codere.com).

In addition, the company gives shareholders and investors access to its quarterly presentations on profit or loss and other communications relevant to the market through **webcasts, conference calls, and online**, as well as holding regular informational meetings on the progress of the group or other matters of interest. Furthermore, Codere sends all relevant information to the **CNMV** (Spanish National Securities Market Commission) publicly and on a regular basis through its communications on insider dealing and other relevant information.

Finally, in compliance with the Securities Market Act, Codere has an **Online Shareholder Forum** that enables shareholders to communicate with each other before general meetings. The forum can be accessed from the 'Corporate Governance' section of the group's website**.

* More information on the general investor relations and information channels can be found in chapter 06.3. *Fostering Involvement by Shareholders and Investors of this Report*.

** For more information, see chapter 6, The Strength of Our Commitment to Investors

Internal communication channels

The group provides its employees with a wide range of training options on the **TransFórmate** platform, to which a special section on the pandemic has been added this year.

In addition, the company promotes a variety of tools for the dissemination of information, contact between Group members, and the development of Group members. These include the corporate newsletter, **Codere actualidad; Codere informa**, ad hoc announcements for occasional relevant information; and the website created to support employees during the pandemic, **Codere en positivo**.

In addition, the information that is most relevant to employees can be accessed from the various **intranets** made available both centrally and in each of the Group's business units.

Other communication channels

The company approaches its **relationship with regulators** comprehensively from different areas and by means of various tools and channels. The Institutional Relations area plays a significant role in the management of these tools and channels.

Due to the pandemic and the need to for the company to adapt to its impacts and to the restrictions ordered by government agencies, the relationship with regulators has become particularly relevant in the Group this year.

Furthermore, in order to strengthen our **relationship with suppliers**, in addition to the contacts we already have for negotiation and contracting, Codere is working on establishing a **specific platform** for the comprehensive management of the purchasing process. This platform will enable us to manage this relationship more efficiently, speeding up procedures for obtaining official approvals, as well as in relation to tenders, bids, and billing, among others.

With regard to **the media**, as well as the 'Press Room' in the corporate website mentioned above, Codere has a Corporate Communication Department that centralizes the Group's communication activities. Furthermore, the media can communicate directly with the specific department, which responds transparently to any request for information that may be made.

08.3

Value creation for our stakeholders

In accordance with our *Policy for Corporate Social Responsibility*, Codere fosters fair compensation for all those contributing to the success of our business project, thus generating wealth among our main stakeholders. During 2020, the company distributed over €817.6 million to its stakeholders.

Value creation for Codere's stakeholders in 2020 (millions of euros)

Economic value produced by the company	594.6
Economic value distributed among stakeholders	817.6
Employees (wages paid)	116.4
Suppliers (purchases and contracting)	305.2
Shareholders (dividend payout)	3.1
Public Administrations (taxes)	311.1
Financial institutions (interest paid)	81.8
Economic value retained by the company (A-B)	-222.9

Tax contribution

As mentioned in the previous section, the taxes paid by the Codere Group in the countries where it operates are a significant contribution to the sustainability of public coffers and, therefore, to the governance of society.

The Codere Group's total tax contribution in 2020 was €231 million, including only taxes paid, i.e., those that entail an expense for the Group.

Of all the taxes, the gaming tax (in its various types) paid by the Codere Group, which resulted in tax contributions of €182.5 million to the countries in which it operates, is particularly noteworthy. Regarding tax on profit, the company's contributions to the countries in which it operates amounted to €7.6 million in 2020.

In addition, Codere is subject to other real estate or corporate taxes, which amounted to approximately €27.8 million in the group's income statement in 2020.

Additionally, it is worth highlighting that Codere pays a considerable amount of Value Added Tax (VAT) and similar indirect taxes, as gaming is exempt from indirect taxes in most of the countries in which it operates, which means that it cannot deduct it and, therefore, recover most of the tax paid for this, which entails a VAT cost of €13.7 million. On the other hand, Codere pays other taxes collected by it on behalf of third parties. In particular, it withholds taxes on wages amounting to €14.7 million, and pays €31.5 million of Social Security contributions charged to both employees and the company.

In addition, in 2020 Codere collected tax withholdings on behalf of customers and suppliers for a total of €22.9 million. Additionally, it has paid €10.6 million in VAT.

Tax paid by the Codere Group (2019-2020)

	2019	2020
Gaming tax contribution	413.3	182.5
Other taxes	61.4	27.8
Non-deductible VAT	20.7	13.7
Corporation Tax	40.6	7.6
Total	536	231

Corporation tax paid by Codere Group in millions of euros (2019 - 2020)

	Corporation tax or equivalent tax		Withholding tax		Other		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
Argentina	16.9	1.5	1.4	4,895	0.5	0.4	18.8	2.6
Mexico	14.8	1.8	1.4	4,895	0.0	0.0	16.1	2.6
Colombia	0.1	0.0	0.3	0.3	0.0	0.0	0.3	0.4
Spain	1.5	1.0	0.0	0.0	0.0	0.0	1.5	1.0
Italy	1.7	0.0	0.0	0.0	0.0	0.0	1.7	0.0
Panama	1.2	0.1	0.3	0.2	0.0	0.0	1.5	0.3
Uruguay	0.4	0.7	0.1	0.0	0.0	0.0	0.5	0.7
Israel	0.1	0.0	0	0.0	0.0	0.0	0.1	0.0
Total	36.7	5.0	3.4	2.2	0.5	0.4	40.6	7.6

Earnings before tax by country in millions of euros (2019 – 2020)

Country	2019	2020
Spain	2.6	-23.5
Mexico	-11.7	-130.6
Argentina	44.6	-24.9
Colombia	-5.3	-11.8
Italy	-3.2	-35.0
Uruguay	1.9	6.2
Brazil	-0.7	-0.4
Panama	-12.3	-27.9
Main offices	-40.6	-4.7
Online	-8.1	-8.8
Total	-32.8	-261.4

08.4

Minimizing our environmental impact

The company's activities do not have a significant impact on the environment. In spite of this, Codere has put in place several initiatives to **mitigate its environmental impact** by joining the main national and international policies on the fight against climate change and the carbonization of the economy.

The main impact on the Group relates to energy and water consumption, the emission of greenhouse gases, and the generation of certain types of waste.

Some of the actions previously planned by Codere for this year have been affected by the Group having to change its priorities as a result of Covid-19. However, it has still been able to carry out a variety of initiatives, such as the improvement of driving practices to reduce the consumption of the corporate fleet of vehicles, and the consolidation of the "Zero Plastics" recycling project that started in late 2019.

Optimization of resources

At the start of 2020, the company implemented a specific consumption reduction plan at its corporate headquarters. The plan, which is based on streamlining the use of air conditioning and scheduled lighting control, succeeded in significantly reducing its gas and electricity consumption in the first quarter of the year, before its activity was disrupted by the health crisis.

This initiative carries on with a direction that the company plans to continue working on in the future. Specifically, the employee part of the sustainability pillar of the *Corporate Social Responsibility Plan* envisages an analysis for the streamlining of power consumption in the general lighting, air conditioning, and food and beverage cooling systems at its various facilities, thus helping reduce power consumption.

Pilot Energy Saving Project in Colombia

In 2020, Codere Colombia carried out a pilot energy saving project at one of its gaming halls. Among other actions, the project involved installing movement sensors in strategic areas of the premises, arranging for all electronic devices to be switched off under certain conditions, and promoting a communication campaign with videos and posters in gaming halls.

The project, which is currently at the deployment stage, could be extended to other locations, thus improving the company's impact on sustainability.

Power and water consumption in Codere in 2019-2020 (kWh)¹

Millones de euros	2018	2019	Evolución 2019-2020
Electricity consumption (kWh) ²	206,642,091	127,052,444	-39%
Gasoline consumption (l) ³	57,797	73,334	+27%
Gasoline consumption (l)	1,138,294	901,615	-25%
Natural gas consumption (m ³)	316,576	384,877	+22%
Water consumption (m³)⁴	401,260	704,514	+76%

¹ Calculated according to the invoices available as of the date of the report. The data for the Malta, Gibraltar and Israel operations have not been included because the necessary mechanisms required to monitor and report them were not available.

² These data do not include electricity consumption in Colombia and Panama for 2019, or in Colombia for 2020. The data from Argentina for 2019 are the same as the 2018 data, since it is estimated that there had been little variation. Codere does not currently consume renewable energies in conducting its activity.

³ The fuel consumption (gasoline, diesel and natural gas) data for 2020 do not include Colombia, because the necessary mechanisms to monitor and report them were not available (the data relating to Mexico's natural gas consumption are also unavailable, nor the diesel consumption of Panama). The 27% rise in gasoline consumption as compared to 2019 is mainly due to the inclusion of more countries in the scope of the indicator (Panama and Uruguay). The 22% increase in natural gas consumption as compared to 2019 is mainly due to the inclusion of more countries in the scope of the indicator (Spain, Argentina and Uruguay).

⁴ These data do not include water consumption in Colombia and Panama for 2019, or in Colombia for 2020. The data from Spain for 2019 are the same as the 2018 data, since it is estimated that there had been little variation. The increase in 2020 of 76% over 2019 consumption is due to the addition of Panama's consumption to the scope of the category.

In addition, the company is planning to carry out an energy efficiency project in Spain in 2021, with a consumption reduction goal of 8% to 10%. The plan includes the installation of digital devices in venues to measure and determine optimal consumption through the automated monitoring of meters. In addition, the group is considering controlling air conditioning by adapting it to gaming halls' operating hours. Codere has set itself the goal of extending the implementation of this project to all other countries, within a time frame based on the evolution of the pandemic.

Codere has other measures that make a positive contribution to the company's effort to reduce its power consumption.* Some of the most noteworthy of these are actions aimed at improving energy efficiency in the use of screens and slot machines; actions related to means of transport, including renewing the fleet of vehicles of over five years of age in order to comply with the Euro 6D standard; and the upcoming launch of a mobility plan for the staff working at the company's headquarters. In addition, a study on the possibility of adding electric vehicles to the corporate fleet is due to be carried out in 2021 (in relation to problems, associated costs, implementation method, etc.).

In the field of transport, Codere also implemented a GPS system in the vehicles in its corporate fleet in 2020. This was then used to conduct a study on all its employees' driving habits when driving company vehicles (speed, consumption, skills, etc.). A number of better driving practices have been established based on the results of this study, with benefits such as optimized safety and a reduction in the highest speeds, which has in turn resulted in a 10% saving in fuel consumption and a lower accident rate.

The above actions not only help reduce power consumption: they also have a positive effect on mitigating the company's impact in terms of its greenhouse gas emissions, which helps prevent climate change. In 2020, these emissions were 54,714 tCO₂eq, mostly from power consumption. The sharp drop in emissions, a 40% decline compared to 2019 data, is mostly due to the closure of the company's activity during the year.

LEED Certification for the corporate headquarters in Spain

The headquarters of Codere Spain have had LEED (Leadership in Energy & Environmental Design) certification since 2017. The certification, which is issued by the United States Green Building Council, guarantees that the building has been built in accordance with environmental efficiency standards and sustainability requirements.



* Además de la Certificación LEED en la sede de Codere, el grupo no cuenta con otras certificaciones ambientales en otros territorios actualmente.

Greenhouse gas emissions by Codere in 2019-2020 (tCO₂eq)¹

	2019	2020	Evolución 2019-2020
Scope 1 ²	3,829	3,319	-13%
Scope 2 ³	88,198	51,394	-42%

Waste reduction

Codere is committed to the goal of becoming a global organization with **zero tolerance for plastic waste**. To achieve this, the company has put in place various measures at its corporate headquarters in Madrid, which it is planning to extend to all its business units worldwide in the next few years.

One of these initiatives, EcoReto, which started in 2019, aims to eliminate the use of water in plastic bottles in offices by placing water dispensers in common areas and giving employees reusable glass bottles. The implementation of this initiative was gradually consolidated during 2020, with recycling containers for certified waste treatment being placed both inside and outside offices; and plastic containers have been fully eliminated from Codere's headquarters. This action has not only resulted in a reduction in plastic but has also led to financial savings for the company.

In addition, the employee part of the *Corporate Social Responsibility Plan* envisages a possible project for the recycling of surplus items to collect funds for the creation of a permanent solidarity fund, aiming to help people in situations of vulnerability.

As part of its commitment to the environment, Codere carries out a number of initiatives, applying the main national and international policies for the prevention of climate change and the carbonization of the economy

¹ Codere does not currently have the mechanisms required to calculate its scope 3 emissions.

² The emission factors used to calculate Scope 1 have been extracted from data updated through 2020 taken from the UK government Department of Energy and Climate Change: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

³ The emission factors used to calculate Scope 2 have been extracted from the data included in "CO₂ Emissions From Fuel Combustion Highlights," published by the International Energy Agency (IEA): https://moodle.polymtl.ca/pluginfile.php/413972/mod_page/content/70/IEA%20-%20CO2%20Emissions%20From%20Fuel_2013.pdf

⁴ The scope of these initiatives covers the activities of Codere Spain; there are no other noteworthy initiatives in this area in other countries.

Responsibility in the supply chain

09

09.1

Efficient and responsible management

Having a stable supply chain in line with the company's needs is vital for Codere, in order to ensure **customer satisfaction**, achieve competitive advantages, and effectively carry out the group's activities. Therefore, the organization **efficiently and responsibly manages** each link in the process.

The company understands the fundamental role of its suppliers in the business's performance, given that they provide materials, services, and technologies that are essential for the company to operate properly. The group has implemented various processes to ensure proper management of its supply relationships, based on criteria of efficiency, quality, and commitment.

These criteria include aspects related to the **sustainable development of the business**, which prevent risks resulting from inappropriate conduct by both the supplier and the company's own employees.

Codere meets its commitment to **continuously improve** its supplier management, which is why each year it works to strengthen its internal tools by renewing its procedures and carrying out a range of digital transformation projects.

In 2020, due to the impact of Covid-19 on the group's business since March, the supply chain suffered major impacts, putting the company's relationships with its suppliers to the test. To respond to this situation, Codere had to implement various measures, including deferring payments and negotiating to reduce certain fixed costs, such as real estate rentals, telephone services, and electricity.

Codere is committed to continuously improving its supplier management, by optimizing its processes and carrying out digital transformation projects

09.2

Description of the supply chain

This year, Codere's supply chain had over 5,676 suppliers that supply the products and services required to cover the group's various needs (as compared with 7,330 in 2019).

In order to improve its supply chain management, the company generally structures its suppliers into five different segments, depending on the product or service that they provide:

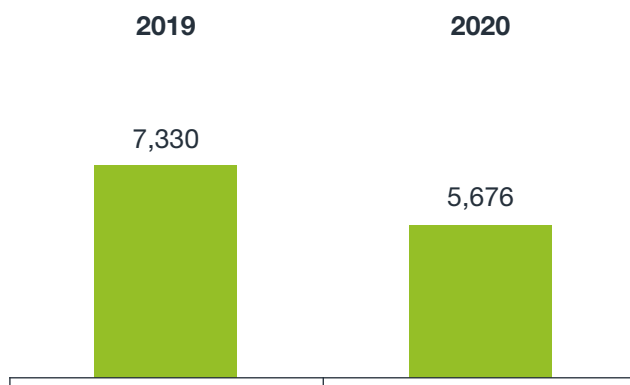
- Purchase of gaming terminals.
- Purchases for the online business, primarily consisting of online games and critical components for these games.
- Purchase of sports betting terminals.
- Technological purchases that include computer tools used by employees and the contracting of maintenance and development services for the betting platform.
- Supplies and other purchases, including telephone service, marketing, consumables, spare parts, vehicles, travel, etc.

This year, the total purchases made by Codere in the markets where it is present amounted to €180 million, which is 58% less than in 2019. This significant decrease was caused by the impact of the pandemic on the company's business, with the forced temporary closure of business activities for almost half of the year.

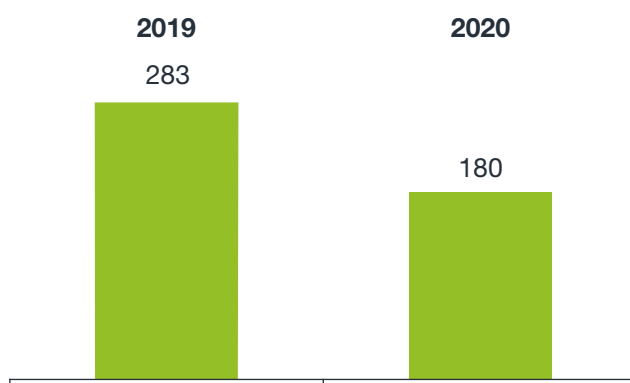
In this context, the Purchasing Department has been immersed in important efforts to **renegotiate with suppliers**, with the primary objective of responding to its decreased revenues by postponing and reducing the organization's fixed costs as much as possible, including rents, vehicle leasing, telephone services, electricity, etc.

Over the coming year, the Group will continue to focus on this area and search for efficiencies in the purchasing process.

Number of suppliers



Purchase volume (M€)



* Data for the five purchase and contracting headings specified in the text. This includes all the purchases of all countries except for Gibraltar, Malta and Israel (whose purchases do not include terminals because these are online businesses), as well as purchases of gaming machines and betting machines in the case of Colombia. The data for purchases made in currencies other than the euro have been converted into euros, applying the average exchange rate for each year.

09.3

Management of the supply chain

Procedure for Purchases and Contracting

Codere Group has a ***Purchases Policy and Procedures Manual***, which lays down the principles governing activities involving the business's purchases, including restrictions on expenditures and investment in suppliers.

This procedure was implemented in 2019 across Spain, and it is expected to be implemented across the board in 2021. By standardizing the process, the company is able to contain the business unit's expenditure and investment, thereby reducing costs and creating efficiencies.

In addition to this manual and procedure, Codere has other rules, including the *Code of Ethics and Conduct*, the *Anti-Corruption Policy*, and the *Corporate Social Responsibility Policy*, which also establish fundamental principles for managing Codere's supply chain. These documents help Codere Group ensure company/supplier relationships based on ethical and responsible behavior within the framework of existing law.

The company's global outsourcing procedure is overseen by General Management and the Purchasing Department, and is divided into five areas:

- **Purchasing department.** This area is responsible for finding, selecting, and approving suppliers, products, and services; negotiating with suppliers; and entering into contracts. This area sets the best possible contractual terms and conditions for Group companies, in accordance with their needs.
- **Online purchasing pool.** This consists of the procedure followed to approve a purchase; the procedure depends on the total amount of the purchase. This procedure is carried out online and takes place when the purchase order lacks a framework agreement, i.e., the supplier has not yet been approved. To launch this process, several suppliers must be proposed and then a finalist is chosen. The suppliers are accepted and approved by different profiles in the company, depending on the total cost of the order.
- **Procurement area.** This area is accountable to the Purchasing Department and is responsible for making orders, tracking them, and dealing with any incidents with suppliers.
- **Payments area.** This task consists of confirming the product or service, posting the expense in the books, and settling the invoices.
- **Framework Agreements.** When the company has entered into this kind of agreement with one or more suppliers, the company can set the terms that govern the contracts that the contracting board may award to suppliers for a certain period of time.

Supplier approval

Supplier approval, which is part of the Purchasing Department, determines whether a supplier can indeed provide their products or services to the company. It is a comprehensive procedure that involves the company's Compliance Area, the Legal Counsel Area, the Internal Audit area, and the General Purchasing Department.

With a view to restricting business relations to companies that conduct their business in keeping with the highest standards of solvency, honorability, and compliance, Codere conducts due diligence on all suppliers of goods or services for operations that equal or exceed €3,000. As a result, any area that needs to engage services and/or purchase goods must send the Compliance Department the information needed to verify and approve the proposed suppliers via the Purchasing Pool.

Due to the exhaustive regulatory framework governing the gaming industry, the supplier approval process is particularly complex and significant. For instance, suppliers of gaming terminals must be registered as manufacturers/importers in the gaming registries for the relevant region and have the necessary licenses and be registered to sell these terminals. Moreover, suppliers of online games and their critical components must have a license in countries that require it. This license may be a B2B license certified by an external lab or may be purchased, to certify it as a component of Codere's gaming platform by means of a trial to include the supplier in the lab-certified platform.

Digitalization in supply chain management

Codere has implemented various digitalization projects for supplier management. Some of the most notable ones are:

- **Optimization and centralization of supplier management:** Throughout the year, the company worked to optimize its purchasing process by establishing platforms to centralize supplier management for certain products (catering, office supplies and refills, repairs, and refurbishments). With these platforms, products can be purchased in a catalog and for a price that has been previously determined and approved by the Purchasing Department.

This ensures greater control of the process, reduced costs, and simplified administrative work.

- **Strengthening the VIM (Vendor Invoice Management) platform:** this enables more organized, effective cost management by digitizing the administrative process for accounting and payment management.
- **Implementation of the SAP ARIBA management platform:** this automates the purchasing process through an integrated platform in the cloud. This solution enables the comprehensive management of the process, optimizing all expense categories and ensuring that suppliers comply with regulations. SAP ARIBA also facilitates traceability across the purchasing process. The system tightens control over the transactions in the area by allowing the people in charge to use a control panel to handle each purchasing project, check its status, and monitor volume and operations in real time. This platform has currently been implemented in Spain and the company plans to implement it in the other countries in coming years.

In addition to these actions, in 2021 Codere plans to conduct a study with the main objective of improving the logistics management involved in transporting gaming terminals, thereby reducing current distribution times.

Responsibility in the supply chain

Codere Group is committed to developing relationships with local suppliers. By doing so, in addition to contributing to the progress of the countries where it operates, the company obtains other advantages, such as reducing its operational risk by ensuring shorter product delivery times; reducing its costs; and establishing stable relationships based on trust.

Throughout 2020, the company worked with a large percentage of local suppliers in each of the aforementioned purchase categories. This percentage reached 100% for technological purchases in Argentina and Spain, 90% for slot machine purchases in this latter business unit, and over 90% for other purchases in Mexico (99%), Panama (96%), Colombia (90%), Uruguay (96%), Argentina (99%), and Spain (99%)*.

Finally, given the importance of supporting suppliers' solvency, Codere works to optimize its average payment period to suppliers, which is usually between 30 and 60 days. The company always complies with the provisions of Act 15/2010 of July 5, which establishes measures against late payment in commercial transactions. However, this period - which lasted 30 days in 2019** was also affected in 2020, since one of the Purchasing Department's main actions to deal with the situation has been to seek the deferral of payments by negotiating with suppliers.

In addition, as part of its commitment to social inclusion, Codere has agreements with companies that hire employees with disabilities to perform outsourced services, such as cleaning services for the halls and offices.

* Codere no dispone de los mecanismos necesarios para calcular el porcentaje de proveedores locales para todas las categorías de Compras en todos los países.

** Dato referido a Codere, S.A y sus filiales en España. Su cálculo se ha realizado conforme a lo establecido en la ley 15/2010 y la resolución de 29 de enero de 2016 del Instituto de Contabilidad y Auditoría de Cuentas.

Annexes

Annex I

About this report and the materiality matrix

This document is Codere's *Integrated Report 2020* and is based on the new *Global Reporting Initiative with the Selected GRI Option*. By doing so, the company aims to improve the quality of the information disclosed to its stakeholders. Furthermore, through this document, the company meets the requirements set forth in the Spanish Act 11/2018 of December 28 on non-financial information and diversity.

The information included herein refers to Codere's business during 2020 and the main impacts made by the operations on its stakeholders.

To prepare this report, we have taken into account the guidelines and principles marked by the GRI standards, including:

- **Participation of stakeholders.** The report has been prepared subject to stakeholders' expectations on Codere's performance. To do so, the company's leaders have appraised already detected expectations and have analyzed several publications on the industry published by other bodies, where they discuss the most relevant aspects for stakeholders.
- **Sustainability context.** We have assessed the impact of operations on the social, economic, and environmental context that surrounds the company.

- **Materiality.** The company has studied the materiality to determine the most relevant aspects for the Company. The methodology used can be consulted later in this section.
- **Thoroughness.** After updating the material aspects for Codere, we have included information on such aspects throughout the report to allow stakeholders to appraise the company's economic, environmental, and social performance in the past years.

Furthermore, for this report we have considered the GRI principles to encourage the quality of the information:

- **Accuracy.** We have reported accurate information that allows stakeholders to evaluate the company's performance.
- **Balance.** We have disclosed positive and negative aspects of the operations to provide an objective and comprehensive view of Codere.
- **Clarity.** The information has been laid out in an understandable, clear, and accessible way for the stakeholders who will use such information.
- **Comparable data.** The information has been gathered and disclosed coherently to help stakeholders analyze it and compare it easily to the data on other organizations.
- **Reliability.** We have described the process followed to prepare this report by gathering, collecting, and registering all the information so that the contents may be verified and/or assessed externally to appraise the quality and materiality of the information.
- **Timeliness.** Every year, the contents of this report will be updated to provide stakeholders with up-to-date information.

Annex II includes a *Selected GRI Table of Contents* that shows a list of the indicators reported and the pages where these are. In some cases, the GRI indicators related to the reported indicators are not answered in full.

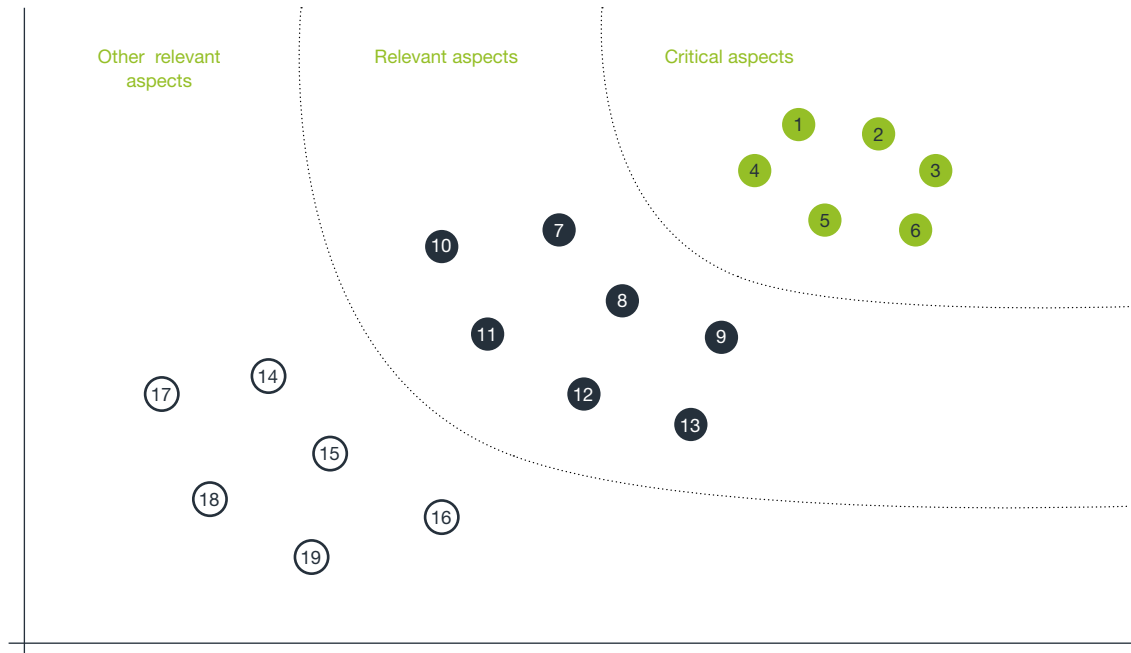
Under the GRI standards, we have updated the materiality analysis to assess the aspects that are most relevant to Codere and its stakeholders.

For this analysis, we used the list of sustainability aspects suggested in the newly published standards. We have also considered other factors that are relevant to the company and to its stakeholders and that had been identified in the sources used for the analysis.

- Meetings held with the leaders and executives of the key areas in the company.

- Analysis of the company's internal documentation: policies, manuals, presentations, action plans, evaluation of stakeholders' expectations, and other relevant documents in this regard.
- Summaries of news reports on the company published in 2020.
- Consideration of the main legal initiatives and policies related to sustainability and non-financial aspects, including Spanish Act 11/2018 on non-financial information or the Sustainable Development Goals (SDG).

Based on the above, we have updated the company's materiality matrix, which shows 18 key material aspects for Codere and its stakeholders.



- | | |
|---|---|
| 1 Prevention of and adaptation to the impacts of Covid-19 | 11 Knowledge and access to customers |
| 2 Compliance and crime prevention | 12 Consolidation in strategic markets |
| 3 Rationalization of advertising | 13 Reputational risk or political opinion |
| 4 Cybersecurity and personal data Protection | 14 Fostering the organization's culture and values |
| 5 Promotion of responsible gaming | 15 Relationship with the community and other stakeholders |
| 6 Political risk and regulatory and tax pressure | 16 Environmental performance |
| 7 Image and brand positioning | 17 Talent development and management |
| 8 Operational efficiency | 18 Organizational climate, diversity, and equality |
| 9 Innovation and digitization | 19 Managing the supply chain |
| 10 Corporate Governance | |

The coverage of the aforementioned aspects have been sorted below by the impact they have outside and/or inside the organization as per the GRI standards.

Coverage of material aspects

Category	Material aspect	Coverage of the material aspect	
		Inside the organization	Outside the organization
Economic	Image and brand positioning		X
	Knowledge and access to customers		X
	Operational efficiency	X	
	Consolidation in strategic markets	X	
Environmental	Environmental performance		X
Social	Promotion of responsible gaming		X
	Talent development and management	X	
	Organizational climate, diversity, and equality	X	
	Relationship with the community and other stakeholders		X
	Compliance and crime prevention	X	
Ethics and governance	Cybersecurity and personal data protection	X	X
	Corporate Governance	X	
	Relationship with investors		X
Other	Political risk and regulatory and tax pressure	X	X
	Innovation and digitization	X	
	Reputational risk or political opinion	X	X
	Fostering the organization's culture and values	X	
	Managing the supply chain		X
	Rationalization of advertising	X	X
	Prevention of and adaptation to the impacts of Covid-19	X	X

Annex II

List of human resources indicators

Total number and distribution of the different types of employment contracts by gender

	2019		2020	
	Men	Women	Men	Women
Permanent contract	6,834	4,594	6,444	4,259
Full-time contracts	6,290	3,793	5,974	3,538
Part-time contracts	544	801	470	721
Temporary contracts	559	542	173	122
Full-time contracts	477	355	141	105
Part-time contracts	82	187	32	17
Total	7,393	5,136	6,617	4,381

Total number and distribution of the different types of employment contracts by age

	2019				2020			
	< 30	30-39	40-50	> 50	< 30	30-39	40-50	> 50
Permanent contract	3,031	4,419	2,819	1,159	2,295	4,199	2,972	1,237
Full-time contracts	2,444	3,971	2,583	1,085	1,869	3,770	2,713	1,160
Part-time contracts	587	448	236	74	426	429	259	77
Temporary contracts	737	236	109	19	157	85	41	12
Full-time contracts	522	207	93	10	135	72	34	5
Part-time contracts	215	29	16	9	22	13	7	7
Total	3,768	4,655	2,928	1,178	2,452	4,284	3,013	1,249

Total number and distribution of the different types of employment contracts by job category

	Senior management		Managers		Middle management		Technicians		Adm. staff		Operational staff	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Permanent contract	12	11	87	92	1,992	1,938	1,749	1,710	493	487	7,095	6,465
Full-time contracts	12	11	-	92	1,978	1,924	1,613	1,596	415	412	5,978	5,477
Part-time contracts	-	-	-	-	14	14	136	114	78	75	1,117	988
Temporary contracts	-	-	-	-	31	10	49	43	46	21	975	221
Full-time contracts	-	-	-	-	29	8	45	43	37	17	721	178
Part-time contracts	-	-	-	-	2	2	4	-	9	4	254	43
Total	12	11	87	92	2,023	1,948	1,798	1,753	539	508	8,070	6,686

Average of types of contracts

	2019	2020
Permanent contract	11,224	11,301
Full-time contracts	9,937	10,077
Part-time contracts	1,288	1,224
Temporary contracts	1,151	479
Full-time contracts	1,024	417
Part-time contracts	127	61
Total	12,376	11,780

Average of types of contracts (full-time and part-time) by gender

	2019		2020	
	Men	Women	Men	Women
Full-time contracts	6,808	4,153	6,518	3,977
Part-time contracts	583	832	522	764

Average of types of contracts (full-time and part-time) by age

	2019				2020			
	< 30	30-39	40-50	> 50	< 30	30-39	40-50	> 50
Full-time contracts	3,081	4,235	2,575	1,070	2,513	4,098	2,743	1,142
Part-time contracts	624	473	234	84	505	443	256	81

2019 average of types of contracts (full-time and part-time) by job category

	Senior management	Managers	Middle management	Technicians	Admin. staff	Operational staff
Full-time contracts	13	89	1,978	1,626	449	6,806
Part-time contracts	0	0	16	136	83	1,180

2020 average of types of contracts (full-time and part-time) by job category

	Senior management	Managers	Middle management	Technicians	Admin. staff	Operational staff
Full-time contracts	12	87	2,002	1,661	442	6,291
Part-time contracts	0	0	16	119	78	1,072

Average of types of contracts by gender

	2019		2020	
	Men	Women	Men	Women
Permanent contract	6,768.08	4,456.25	6,766	4,536
Full-time contracts	6,240.08	3,696.58	6,280	3,798
Part-time contracts	528.00	759.67	486	738
Temporary contracts	622.67	529.08	274	205
Full-time contracts	567.58	456.83	238	179
Part-time contracts	55.08	72.25	36	26
Total	7,390.75	4,985.33	7,040	4,741

Average of types of contracts by age

	2019				2020			
	< 30	30-39	40-50	> 50	< 30	30-39	40-50	> 50
Permanent contract	2,958	4,422	2,713	1,129	2,748	4,410	2,937	1,207
Full-time contracts	2,419	3,976	2,489	1,051	2,274	3,980	2,689	1,133
Part-time contracts	539	446	224	77	473	429	248	74
Temporary contracts	746	285	95	24	270	131	62	15
Full-time contracts	662	258	85	18	238	117	54	8
Part-time contracts	84	26	10	6	32	14	8	7
Total	3,705	4,708	2,809	1,154	3,018	4,541	2,999	1,222

Average of types of contracts by job category

	Senior management		Managers		Middle management		Technicians		Admin. staff		Operational staff	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Contrato indefinido	13	12	89	87	1,969	2,003	1,716	1,743	496	495	6,943	6,962
A tiempo completo	13	12	89	87	1,954	1,989	1,582	1,624	420	421	5,879	5,945
A tiempo parcial	-	-	-	-	14	14	134	119	76	74	1,064	1,017
Contrato temporal	1	-	-	1*	25	15	46	37	37	25	1,043	401
A tiempo completo	-	-	-	1	23	13	44	37	29	21	927	347
A tiempo parcial	-	-	-	-	2	2	3	1	8	4	116	55
Total	13.25	12	89	87	1,994	2,018	1,762	1,780	533	521	7,986	7,363

Dismissals by gender

	2019	2020
Women	1,242	688
Men	1,630	899
Total	2,872	1,587

*In 2020, there was only one temporary contract in the Managers category, which had a duration of one month.

Dismissals by age

	2019	2020
< 30	1,659	895
30-39	926	471
40-50	223	170
> 50	64	51
Total	2,872	1,587

Dismissals by job category

	2019	2020
Senior management	1	1
Managers	4	2
Middle management	309	139
Technicians	103	59
Administrative staff	22	21
Operational staff	2,433	1,365
Total	2,872	1,587

Average remuneration by age range (in euros)

	2019	2020
Menos de 30 años	8.172	7.614
Entre 30 y 39 años	13.370	11.757
Entre 40 y 50 años	18.872	17.481
Mas de 50 años	24.126	22.967
Total general	14.108	13.675

Average remuneration by gender (in euros)

	2019	2020
Female	12,132	11,823.76
Male	15,471	14,899.99
Grand total	14,108	13,674.76

Average remuneration by job category (in euros)

	2019	2020
Senior management	355,418	347,720
Managers	119,887	116,741
Middle management	22,316	20,264
Technicians	16,790	15,370
Administrative staff	18,167	18,309
Operational staff	9,528	8,991
Grand total	14,108	13,675

Average remuneration by job category and gender gap 2019

	< 30			30-39			40-50			>50		
	Men	Women	Total	Gender gap	Men	Women	Total	Gender gap	Men	Women	Total	Gender gap
Senior management	-	-	-	-	-	-	-	-	361,328	-	361,328	100%
Managers	-	-	-	-	109,660	101,435	108,394	8%	117,265	104,434	113,558	11%
Middle management	10,337	10,826	10,542	-5%	19,954	17,952	19,159	10%	28,730	23,441	27,027	18%
Technicians	12,419	12,445	12,426	0%	16,264	17,604	16,607	-8%	18,475	21,627	19,244	-17%
Admin. staff	11,275	12,500	11,856	-11%	18,242	18,899	18,663	-4%	20,452	21,807	21,419	-7%
Operational staff	7,085	7,027	7,057	1%	10,367	10,115	10,244	2%	12,156	10,063	11,334	17%
Total	8,347	7,955	8,172	5%	13,997	12,575	13,370	10%	20,311	16,401	18,872	19%
									26,922	16,597	24,126	38%

Remuneración media por categoría profesional y brecha salarial 2020

	< 30				30-39				40-50				>50			
	Men	Women	Total	Gender gap	Men	Women	Total	Gender gap	Men	Women	Total	Gender gap	Men	Women	Total	Gender gap
Senior management																
Managers	-	-	-	-	99,474	98,776	99,241	1%	115,868	106,803	113,463	8%	133,874	81,002	126,099	39%
Middle management	8,896	9,972	9,358	-12%	16,771	15,100	16,120	10%	25,270	20,486	23,723	19%	33,105	31,062	32,781	6%
Technicians	10,006	11,277	10,388	-13%	14,113	16,475	14,760	-17%	17,244	19,900	17,901	-15%	22,697	23,254	22,836	-2%
Admin. staff	11,669	11,030	11,356	5%	16,497	18,934	18,002	-15%	19,319	20,834	20,354	-8%	23,745	23,441	23,509	1%
Operational staff	6,459	6,679	6,561	-3%	9,063	8,928	8,999	1%	11,080	9,293	10,369	16%	13,110	8,341	11,774	36%
Total	7,565	7,676	7,614	-1%	12,029	11,399	11,757	5%	18,860	15,116	17,481	20%	25,596	16,267	22,967	36%

Annex III

Actions towards associations or sponsorships

Primary activities with associations and sponsorships in 2020

Type of collaboration	Name of the entity	Scope
Sports	Real Madrid C.F.	Global
	Club de Fútbol de Monterrey (Rayados)	Mexico
	NBA	Mexico
Institutional and Regulatory	Cejuego (Business Betting Council)	Spain
	Jdigital (Spanish Online gaming Association)	Spain
	Cofar (Spanish Federation of Hotel Recreational gaming Businesses)	Spain
	Autocontrol (Association for the Self-Regulation of Advertising)	Spain
	Confad (National Commission Against the Manipulation of Sports Competitions and Betting Fraud)	Spain
	Sistema Gioco Italia/Confindustria SI	Italy
	Gaming Control Board (JCJ)	Panama
	National Racing Commission (CNC)	Panama
	Coljuegos (the Governmental Industrial and Commercial Company Administering the Profit-Making Monopoly over Games of Chance)	Colombia

Annex IV

Table of contents related to the requirements of Act 11/2018

This report covers the requirements set forth in the Spanish Act 11/2018 of December 28 on non-financial information and diversity as specified in the following Table of Contents.

Description of the Group's business model

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Business environment		
Organization and structure	102-1	
	102-2	
Markets in which it operates	102-3	
	102-4	5-6, 8-9, 12-13, 15-20 and 24-31
Objectives and strategies	102-6	
	102-7	
Main factors and trends that may affect its future development	102-14	

Description of policies applied by the Group for these matters

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Due diligence procedures applied to identify, assess, prevent, and minimize risks and material impacts and to check and control them.	103	66, 75-81
Measures adopted		

Results of these policies

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Key Indicators of relevant non-financial results that allow the follow-up and Assessment of the progress and help compare companies and industries under the Spanish, European and international frameworks of reference used for each topic.		9

Main risks involving these matters that are related to the Group's operations

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
When appropriate and proportionate, the company's commercial relationships, products, or services that could have a negative impact on these areas and how the group manages such risks, with an explanation of the procedures used to detect and assess these risks under the standard Spanish, European and international frameworks used for each area.	102-15 205-1 413-1 407-1 408-1 409-1	93-95
Information on the impacts detected, giving an itemized list, especially with the main short-term, medium-term, and long-term risks.		

Key indicators of non-financial results

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Key indicators of non-financial results that are relevant to the specific business operations and that meet the comparability, materiality, relevance, and accuracy criteria.	102-54	9

I. Information on environmental matters

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Detailed information on the current and expected impact of the business operations on the environment and, if any, on health and safety.		157-160
The procedures used for environmental assessments or certifications.		
The resources used for environmental risk prevention.		Codere’s main environmental action involves the project to reduce energy consumption in Spain, in which the company expects to invest €365,000.
The application of the precautionary principle.		
	102-11 201-2 308-1 308-2	Codere’s operations have no serious impact on the environment. Its impact mostly involves power and water consumption and greenhouse gas emissions and certain types of waste. Codere carries out a range of actions to minimize environmental impacts and help achieve the main national and international environmental objectives, including the Precautionary Principle established in the Rio Declaration on the Environment.
The amount of provisions and guarantees for environmental risks.		

And specifically:

Pollution:

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures to prevent, reduce, or repair carbon emissions that could seriously impact the environment, taking into account any kind of air pollution from a specific operation.	305-5 305-6 305-7	159-160
Including noise and light pollution.	According to the performed materiality analysis, this matter is not material to the company's business model.	
Total emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	305-6	Emissions of ozone-depleting substances are not a material aspect for Codere.

Circular economy and waste prevention and management

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	301-2 301-3 306-2	Codere does not currently have the mechanisms required to calculate the volume of waste generated.
Actions to fight food waste.	According to the materiality analysis, this matter is not material to the company's business model.	

Sustainable use of resources

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Water consumption and water supply, according to local constraints.		158. Water consumption is not a material aspect for Codere.
Consumption of raw materials and measures taken to improve the efficiency of their use.	303-1 303-2 303-3 301-1 301-2 302-1 302-2 302-3 302-4 302-5	According to the performed materiality analysis, this matter is not material to the company's business model.
Power consumption, direct and indirect.		158
Measures taken to improve energy efficiency and use of renewable energy sources.		157-160

Climate change

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Important elements of greenhouse gas emissions produced by the company's business, including the use of goods and services that produce them.		159-160
Measures adopted to adjust to the consequences of the climate change.	305-1 305-2 305-3 305-4 305-5 201-2 305-5	Codere has not taken any measures in this area.
Targets to reduce greenhouse gas emissions set voluntarily for the medium to long term and the means of achieving it.		Codere has not set any targets to reduce greenhouse gas emissions.

Protección de la biodiversidad

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures taken to preserve or restore biodiversity.	304-3 306-5	According to the materiality analysis, this matter is not material to the company's business model.
Impact caused by the business or operations in protected areas.	304-1 304-2	

II. Information on social matters and related to the staff

Employment

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Total amount and distribution of employees by gender, age, country and job category.	102-8 405-1	114-118
Total amount and distribution of the different types of employment contracts.	102-8 405-1	148
Yearly average of permanent contracts, temporary contracts and part-time contracts by gender, age and job category.	103	179-183
Number of dismissals by gender, age and job category.	103	139-140
Average remuneration and its evolution by gender, age and job category or same value.	405-2	182-183
Pay gap.	102-35 102-36 102-38 102-39	139
Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payments to long-term savings schemes and any other wages sorted by gender.	103	84,140
Implementation of policies to disconnect from work.	405-1	167
Employees with disabilities.		

Organization of work

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Organization of working hours.	103	141, 146
Number of absence hours.	403-2	
Measures to help enjoy work-life balance and encourage both parents to pursue this.	103	140-141

Health and safety

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Health and safety conditions at the workplace.	103	140, 142-146
Work accidents, in particular, their frequency and seriousness sorted by gender.	403-2	146
Occupational illnesses sorted by gender.	403-3	146

Social relations

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Organization of social dialogue, including procedures to inform and consult the staff and bargain with them.	407-1	140-141
Percentage of employees covered by a collective bargaining agreement by country.	102-41	140-141
Result of collective bargaining agreements, especially in health and safety at the workplace.	403-4	140-141

Training

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Policies implemented for training.	103	127-129
Total training hours by job category.	404-1	129

Universal design for persons with disabilities

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Universal design for persons with disabilities.	103	Codere buildings meet the standards required in each country regarding access for persons with disabilities.

Equality

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures taken to promote equal opportunities and treatment between women and men.	405	135-138
Equality plans (Chapter III of the Spanish Organic Act 3/2007 of March 22 for effective gender equality).	405	124
Protocols against sexual harassment, disaggregated by gender.	405	137
Measures taken to promote employment, integration and universal design for persons with disabilities.	405	138-167
Policy against all types of discrimination and, if any, policy for diversity.	405	124, 137

III. Information on the observation of human rights

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Implementation of due diligence procedures for human rights.	102-16	77-81
	102-17	
	412-3	
	412-2	
	410-1	
	412-1	
Prevention of human right violations and, if any, measures to mitigate, manage and remedy said violations.	412	77-81
Claims against human right violations.	406-1	81
Promotion and compliance with the provisions of the basic conventions of the International Labor Organization related to respecting freedom of association and the right to collective bargaining; the elimination of discrimination at the workplace; the elimination of forced or compulsory labor; and the effective abolition of child labor.	407-1 406-1 409-1 408-1	76

IV. Information related to the fight against corruption and bribery

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures taken to prevent corruption and bribery.	102-16	51
	102-17	
	205-1	
	205-2	
	205-3	
Anti-money laundering measures.	205-2	66, 75-80, 127
Contributions to non-profit foundations and organizations.	103	54

V. Information about the company

The company's commitment to sustainable development

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Impact of the company's business on employment and local development.	203-1 203-2 413-1	148-156
Impact of the company's business on local villages/towns and the territory.	203-1 203-2 411-1 413-1 413-2	According to the performed materiality analysis, this matter is not material to the company's business model.
Relationships with local community players and types of dialogue with them.	102-43 413-1	149
Actions towards associations or sponsorships.	102-12 102-13	17, 44, 51, 63 and 184

Subcontracting and suppliers

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Addition of social matters, gender equality and environmental topics to the purchasing policy.	102-9 308-1 414-1	So far, Codere's <i>Purchasing Policy</i> does not include this type of criteria apart from compliance with the minimum parameters stipulated by law.
Consideration of your social and environmental responsibility in relationships with suppliers and subcontractors.	414-1 414-2	
Supervision systems and audits and their outcomes.	414-1 414-2	Codere carries out external audits on some of its suppliers. These audits focus on financial aspects.

Consumers

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Measures for the health and safety of consumers.	416-1	35-47
Systems for claims, complaints and their management.	416-2	150

Tax information

Table of Contents of the Non-Financial Statement	Table of Contents of Related Selected GRI Standards	Pages
Profits gained by country.	201	155-156
Profit tax paid.	201	155-156
Public subsidies received.	201-4	The Codere Group did not receive any government subsidies in 2020 (or in 2019).

