

## **REPORT ISSUED BY THE BOARD OF DIRECTORS OF CODERE S.A. ON THE PROPOSALS FOR REELECTION OF NORMAN RAUL SORENSEN VALDEZ AND MATTHEW CHARLES TURNER AS INDEPENDENT DIRECTORS SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING**

### **1. INTRODUCTION**

The Board of Directors of Codere, S.A. issued this report to support the proposal for reelection of Independent Directors Norman Raúl Sorensen Valdez and Matthew Charles Turner submitted to the Shareholders' Meeting for approval pursuant to article 529.i of the Spanish Corporate Enterprises Law (*Ley de Sociedades de Capital*), worded as set out below:

*1. The members of the board of directors of a listed company shall be appointed by the shareholders' meeting or, in the event of an early vacancy, by the board itself by co-opting.*

*2. Co-opting in listed companies shall be subject to the procedure established in this Law, with the following exceptions:*

*a) The director appointed by the board need not be a shareholder of the company.*

*b) Should the vacancy arise after the shareholders' meeting has been called and before it has been held, the board of directors may appoint one director until the next shareholders' meeting is held.*

*3. In listed business corporations (sociedades anónimas) no substitutes need be appointed.*

*4. The appointment or re-election of members of the board of directors shall be proposed by the appointments and remuneration committee, in the case of independent directors, and by the board itself, in other cases.*

*5. The proposal shall in any case be accompanied by a supporting report of the board assessing the competence, experience and merits of the proposed candidate, which report shall be attached to the minutes of the shareholders' meeting or of the board meeting.*

*6. The proposal for appointment or re-election of any non-independent director shall be preceded, also, by a report of the appointments and remuneration committee.*

*7. The provisions of this article shall apply also to natural persons appointed representing a director that is a legal person. The proposal of the natural person representative shall be subject to the report of the appointments and remuneration committee.*

Thus, the Corporate Enterprises Law requires the proposal for reelection of directors to be accompanied in any case by a supporting report of the Board of Directors assessing

the competence, experience and merits of the proposed candidate, which report shall be attached in this case to the minutes of the Board meeting. Pursuant to article 518 of the Corporate Enterprises Law, this report shall be published in the corporate website of Codere, S.A. without interruption from the date of publication of the notice of call for the Shareholders' Meeting.

Accordingly, the Board of Directors assesses in this report the competence, experience and merits of the candidates proposed to be re-elected to Independent Directors.

## **2. NORMAN RAUL SORENSEN VALDEZ**

### **a) Professional profile**

Norman Raúl Sorensen Valdez has a bachelor's degree in chemical engineering from the U.S. Air Force Academy (USAFA, Colorado Springs, Colorado), having participated in the Senior Executive Program of Columbia University.

Currently, Norman Raúl Sorensen Valdez is a director of Encore Capital Group (NASDAQ: ECPG, San Diego) and a member of its Audit Committee and of its Risks and Compliance Committee. He is in addition a member of the Board of Cabot Credit Management (CCM, London) and a member of its Audit Committee and of its Consumption and Compliance Committee. Lastly, since January 12, 2018, Norman Raúl Sorensen Valdez is the Chairman of the Board of Directors of Codere S.A., currently also being the Chairman of the Appointments, Remuneration and Corporate Governance Meeting and a member of the Audit Committee of Codere S.A. which offices he holds since May 2016.

In past, Norman Raúl Sorensen Valdez held office for 14 years as Chairman of the Board and Managing Director of Principal International, having previously held Senior Management positions in American International Group (NYSE:AIG) Citigroup and American Express.

### **b) Suitability, merits and performance**

The Board of Directors has studied and assessed the experience, training and professional profile of Norman Raúl Sorensen Valdez, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

More particularly, this Committee has verified in respect of his performance during his last term in office, that Mr. Sorensen Valdez attended all the meetings held by the Board of Directors of Codere S.A., i.e., 19 Board meetings and also presided over all the meetings of the Appointments, Remuneration and Corporate Governance Committee, i.e., 17 meetings (all the above until the date of this report). Lastly, Mr. Sorensen Valdez attended regularly the meetings of the Audit Committee of which he is a member.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Norman Raúl Sorensen Valdez to continue holding office as Director of the Company.

**c) Availability**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as independent Director of the Company.

**d) Absence of incompatibility and conflict**

It has also been verified that the candidate is not included in any event of incompatibility, prohibition or conflict of interest of an ongoing nature impeding him from holding office adequately.

**e) Class of director**

Norman Raúl Sorensen Valdez was proposed in view of his personal and professional features, the Appointments, Remuneration and Corporate Governance Committee and this Board of Directors having assessed and verified that he is not included in any of the events contemplated in article 529 j.4 of the Corporate Enterprises Law and that he may hold office without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives, so that he may be appointed to independent director.

**f) Proposal of the Appointments, Remuneration and Corporate Governance Committee**

The proposal for ratification and appointment of Norman Raúl Sorensen Valdez to independent Director of the Company was made by the Appointments, Remuneration and Corporate Governance Committee pursuant to the Board Regulation, articles 2 and 16.2.f.

**g) Proposal for reelection**

Accordingly, the Board of Directors considers that Norman Raúl Sorensen Valdez Lavelle meets the requirements of honorability, suitability, solvency, competence, qualification, training, availability and commitment to his duties to hold office and is not included in any event of incompatibility and/or conflict and thus, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, this Board submits to the Shareholders' Meeting the proposal for reelection of Norman Raúl Sorensen Valdez to independent director for the term of two years established in the bylaws.

**3. MATTHEW CHARLES TURNER**

### **a) Professional profile**

Matthew Charles Turner has a bachelor's degree in law in UK.

Currently, Matthew Charles Turner is a director, inter alia, a member of the Board of Directors of RA Group (relating to Arcapita) and member of its Administrative Committee together with being Chairman of the Dsi Group of companies and Aurora Group (which holds a number of retail fashion brand assets). Additionally, from May 2016 Mr. Turner became Chairman of the Audit Committee, and member of the Appointments, Remuneration and Corporate Governance Committee of Codere S.A.

In the past, Matthew Charles Turner held for the position of Managing Director at Bank of America Merrill Lynch, in its International division of Global Private Equity, and he was previously the Private Equity Manager for para Europe, the Middle East & Africa at Merrill Lynch. He previously held senior management positions at Palamon Capital Partners and at PPM Ventures Ltd. In addition, Mr. Turner has been a Board member of other companies engaging in gaming, such as RAL Group, Gala Group and Moliflor Group.

### **b) Suitability, merits and performance**

The Board of Directors has studied and assessed the experience, training and professional profile of Matthew Charles Turner, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

More particularly, this Committee has verified in respect of his performance during his last term in office, that Mr. Turner attended 17 of the meetings held by the Board of Directors of Codere S.A. and also presided over 22 of the meetings of the Audit Committee (all the above until the date of this report). Lastly, Mr. Turner attended regularly the meetings of the Appointments, Remuneration and Corporate Governance Committee of which he is a member.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Matthew Charles Turner to continue holding office as Director of the Company.

### **c) Availability**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as independent Director of the Company.

### **d) Absence of incompatibility and conflict**

It has also been verified that the candidate is not included in any event of incompatibility, prohibition or conflict of interest of an ongoing nature impeding him from holding office adequately.

**e) Class of director**

Matthew Charles Turner was proposed in view of his personal and professional features, the Appointments, Remuneration and Corporate Governance Committee and this Board of Directors having assessed and verified that he is not included in any of the events contemplated in article 529 j.4 of the Corporate Enterprises Law and that he may hold office without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives, so that he may be appointed to independent director.

**f) Proposal of the Appointments, Remuneration and Corporate Governance Committee**

The proposal for ratification and appointment of Matthew Charles Turner to independent Director of the Company was made by the Appointments, Remuneration and Corporate Governance Committee pursuant to the Board Regulation, articles 2 and 16.2.f.

**g) Proposal for reelection**

Accordingly, the Board of Directors considers that Matthew Charles Turner meets the requirements of honorability, suitability, solvency, competence, qualification, training, availability and commitment to his duties to hold office and is not included in any event of incompatibility and/or conflict and thus, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, this Board submits to the Shareholders' Meeting the proposal for reelection of Matthew Charles Turner to independent director for the term of two years established in the bylaws.

Madrid, May 2018.