

REPORT OF THE OPERATIONS OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE DURING 2018

1.- PREAMBLE.-

The Good Governance Code of Listed Companies, states in its Recommendation 6 that:

“Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.*
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.*
- c) Audit committee report on third-party transactions.*
- d) Report on corporate social responsibility policy”.*

This Report of the operations of the Nomination, Remuneration and Corporate Governance Committee during 2018, has been approved by the Committee in its meeting held on April 10th 2019. The Nomination, Remuneration and Corporate Governance will propose to the Board that this Report will be published on Codere’s website well in advance of the annual general meeting.

Therefore, since 2015, and applying the best transparency principles in corporate governance, this Report is published on Codere’s website so the shareholders may consult it or request its free delivery.

2.- MEETINGS AND COMPOSITION OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE.

Within 2018 the Nominations, Remuneration and Corporate Governance Committee (previously named Corporate Governance Committee) has met 9 times.

Until May 2018, the composition of the Committee was:

Mr. Norman Sorensen Valdez	Independent	Chairman
Mr. Matthew Turner	Independent	Member
Mr. David Reganato	Proprietary	Member
Masampe S.L (D. Pio Cabanillas Alonso)	Proprietary	Member

On May 10th, 2018 the composition of the Committee changed, when Mr. Matthew Turner was appointed Chairman of the Committee, replacing Mr. Norman Sorensen Valdez. Accordingly from May 2018, and up to December 31st 2018, the composition of the Committee was the following:

Mr. Matthew Turner	Independent	Chairman
Mr. Norman Sorensen Valdez	Independent	Member
Mr. David Reganato	Proprietary	Member
Masampe S.L (D. Pio Cabanillas Alonso)	Proprietary	Member

The composition of the Committee complies with the legal requirements and with article 16 of the Regulations of the Board, which states:

“The Appointments, Remuneration and Corporate Governance Committee, which also includes the characteristics and duties recommended by the Unified Code for Good Governance of listed companies for the Appointment and Remuneration Committee, will consist of at least three and a maximum of six members appointed by the Board of Directors. All Committee members will be External Directors and at least two of them must be Independent Directors.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee will be appointed from amongst the Independent Directors”.

The Secretary of the Committee is the Secretary of the Board of Directors, as stated in article 13.4. of the Regulations of the Board of Codere S.A.

3.- 2018 ACTIVITY REPORT.

According with art. 16 of the Regulations of the Board of Codere S.A., the Nominations, Remuneration and Corporate Governance Committee hold at least the following competences:

“Without prejudice to any other task assigned by the Board of Directors, the Appointments, Remuneration and Corporate Governance Committee will have the following competences:

- (a) To examine compliance with the Internal Rules of Conduct in relation to Securities Markets and to make the necessary proposals for improvement, as well as to ensure compliance with any corporate governance rules applicable in the matter.*
- (b) To present to the Board, for its approval, the Annual Corporate Governance Report and Report on Directors’ Remuneration Policy.*
- (c) To make the proposals foreseen in these Regulations, with respect to remuneration of the members of the Board of Directors.*
- (d) To evaluate the competences, knowledge and experience required of the Board and, consequently, to define the necessary duties and skills for any candidates to each vacancy and to evaluate the time and dedication required to adequate exercise its tasks; to regularly evaluate the adequacy of the company’s corporate governance system, taking into account the company’s corporate interest and the legitimate interests of the different target groups.*
- (e) To make proposals to the Board in relation to its duties (for appointment or proposal), regarding the composition of the Board and its Committees and particularly with respect to the appointment of independent directors by co-option, or to be proposed to the General Shareholders Meeting, as well as proposals with regards to the re-appointment or removal of such directors by the General Shareholders Meeting. To inform of any proposals for appointment of all other directors for their nomination by co-option or for their submission to the shareholders’ general meeting’s decision, in addition to proposals for the re-election or dismissal of said directors, by the shareholders’ general meeting.*

- (f) *To inform of any appointments and removals of senior executives proposed to the Board by the leading executive.*
- (g) *To inform the Board, as necessary, of any issues on gender diversity foreseen in Article 1.12.*
- (h) *Draw up a proposal to the board on the remuneration of the executive directors, separate to that received as directors in accordance with the articles of association, and on the other terms of their agreements; consider and organize the succession of the board chairman and of the Company's chief executive, and propose a succession plan to the board which ensures, where necessary, that this takes place on the terms arranged.*
- (i) *To propose to the Board a general remuneration policy for senior executives of the Company or its subsidiaries or investee companies, as well as the basic terms of senior executive contracts.*
- (j) *To establish guidelines and supervise any steps taken as regards the appointment, selection, career, promotion and dismissal of executives in order for the Company to have the necessary highly qualified staff for its management.*
- (k) *To make proposals to the Board and to prepare an examination of the matters it should be aware of, in those matters not specifically entrusted to another Committee, if deemed necessary.*
- (l) *Establish a target for representation of the under-represented gender on the board of directors and develop guidance on how to achieve the goal.*
- (m) *Propose to the Board of Directors the remuneration policy for directors and general managers and those who perform senior management functions under the direct supervision of the board or the CEO, as well as the individual remuneration and other contractual conditions of executive directors and ensuring compliance therewith.*
- (n) *To monitor and review the Company's corporate social responsibility policies and practices, proposing any amendments in its structure and development to the Board of Directors required to ensure its focus on creating value. Periodically evaluating the degree of compliance with such policies and practices.*
- (o) *Coordinating the reporting process with respect to non-financial and diversity information, and generally, information of any kind as long as it does not concern matters within the specific duties of another Committee”.*

The main tasks which have been discussed and analyzed by the Committee within 2018, may be divided in these main areas:

1) To make proposals to the Board in relation to its duties (for appointment or proposal) regarding the composition of the Board and its Committees (art. 16.2.f Regulations of the Board).

Within 2018 the Committee has worked in this issue in several meeting. On March 2018 the Committee, prior to the appointment of new directors, or re-election of the current ones, issued the report requested by the Directors Selection Policy of “Codere S.A.” analysed the needs of the Company and its Group.

In the meeting held on April 2018, the Committee acknowledged of the resolution approved by the Remaining Shareholders Meeting (held in accordance to Section 5.3.11 of the Shareholders Agreement to which Codere S.A. adhered), rejecting to propose Mr. Michael Wagman as Director of Codere S.A.. The Committee also proposed to the Board to vote against the dismissal of Director Zappala, proposed by certain shareholders, parties of the Shareholders Agreement.

Finally, in its meeting held on May 2018 the Committee proposed to the Board the re-election of the Independent Directors Mr. Norman Sorensen Valdez and Mr. Matthew Turner, and also reported favourably re-election of the Proprietary Directors Mr. David Reganato, Mr. Timothy Lavelle and Mr. Manuel Martínez-Fidalgo Vázquez, whose positions needed to be renewed.

2) To inform the appointments of the Senior Management and the basic terms of their contracts [art. 16.2.g) and j) of the Regulations of the Board].

The Committee has analyzed this issue four times within 2018, particularly in the meetings held on February (when the Committee analyzed and informed favorably the appointment of the Argentina Country Manager and the online division COO), May (when the Committee analyzed and informed favorably the appointment of the Corporate Human Resources Manager), July (when the Committee analyzed and informed favorably the appointment of the General Counsel) and October (when the Committee analyzed and informed favorably the appointment of the Colombia Country Manager).

The Board of Directors agreed both appointments, in its meetings held on February, May, July and October 2018.

3) Annual evaluation of the Board, Committees and Chairman functioning; proposal of an Action Plan to correct any deficiencies noted and monitoring of the Action Plan (art. 12 Regulations of the Board).

Within 2018 the Nominations, Remuneration and Corporate Governance Committee has discussed and analyzed twice this issue, specifically in meetings held on February 26 and March 21st.

On February 26th meeting, the Committee analyzed the results of a study on the development of the evaluation process of the Board of Directors in listed companies, resolving to maintain the process used in previous years, and not to carry out an external assessment.

At the meeting held on March 2018, the Appointment, Remuneration and Corporate Governance Committee approved the self-assessment of the Board, Committees, Chairman and Directors for 2017, and based on it, it prepared an Action Plan correcting deficiencies noted, and submitted to the Board the results of the self-assessment and proposed to approve the Action Plan. The Board approved it on April 11th 2018.

4) Report over the amendment of the Regulations of the Board (art. 18 Regulations of the Board):

Within 2018 the Nominations, Remuneration and Corporate Governance Committee has discussed these issues in one occasion, specifically in meeting held on September 6th 2018. In this meeting it was analyzed and discussed the amendment of the Regulations of the Board to include a definition for Senior Management, to change the competence to analyze conflicts of interest from the Appointments, Remuneration and Corporate Governance Committee to the Audit Committee and to remove the possibility to send written statements to be literally included in the minutes, within the following 24 hours at the end of the meeting.

The Board of Directors approved those amendments in its meeting held on October 2018.

5) To examine compliance with the Internal Rules of Conduct in relation to Securities Markets, and to make the necessary proposals for improvement, as well as to ensure compliance with any corporate governance rules applicable in the matter (art. 16.2.a):

Regarding this competence, the Committee has discussed this issue in 4 different occasions (meetings held on March, May, September and December 2018). In those meetings the Committee was informed on the variations in the Register of Affected Persons, Personal Transactions or Treasury shares transactions of the Company.

6) To monitor and review the Company's corporate social responsibility policies, evaluating the degree of compliance with such policies and practices (art. 16.2.o):

In the meeting held on May 10th 2018 the Committee analyzed the annual report on Corporate Social Responsibility Policy that Codere S.A. prepared according to its Corporate Social Responsibility Policy approved on 2016. The report was favorably informed to the Board of Directors, which approved it. The report was published on the website well in advance of the annual general meeting.

7) Other business which are under the competence of the Committee.

Finally, the Nominations, Remuneration and Corporate Governance Committee has studied, analyzed and discussed other issues within 2018:

First of all, the Committee analyzed, to submit its approval to the Board, the Annual Corporate Governance Report, and the Report on Directors' Remuneration Policy for 2017 (art. 16.2.c).

Additionally, and regarding the annual general shareholders meeting held on 2018 (and an additional EGM which was called off on May 2018) the Committee favorably informed to the Board the agenda, proposed agreements and the mandatory documents.

Finally, the Committee analyzed in some occasions the conflict of interest situations arisen, and decided to commission a study from an external independent consultant to assess the qualifications that the CEO of the Company should have.

Madrid, April 10, 2019