

**REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE  
GOVERNANCE COMMITTEE OF CODERE, S.A. IN RELATION TO THE  
PROPOSAL BY MASAMPE, S.L. FOR THE EXERCISE OF CORPORATE  
ACTION AGAINST MR. NORMAN SORENSEN VALDEZ AND HIS DISMISSAL  
AS A DIRECTOR (1)**

**1. INTRODUCTION**

This report is issued in the light of the supplement to the agenda of the ordinary general meeting of shareholders to be held on 26 June 2019, requested by the shareholder Masampe, S.L. by means of a notarial requirement dated 29 May 2019, by virtue of which said shareholder has requested that the "*exercise of the corporate action of responsibility against Mr. Norman Sorensen Valdez and removal of the director Mr. Norman Sorensen Valdez*" be put to the vote at the general meeting.

Section c) of article 529 quidecies of the Capital Companies Act states that the appointments and remuneration commissions have, among other functions, those of:

- c) Submitting to the board of directors, where appropriate, proposals for the appointment of independent directors for appointment by co-optation or, as the case may be, for submission to the decision of the general meeting of shareholders, as well as proposals for re-election or removal of said directors by the shareholders in general meeting.

The same is included in article 16.2.f) of the Regulations of the Board of Codere, indicating that it is the competence of the Appointment, Remuneration and Corporate Governance Committee to make proposals to the Board for submission to the decision of the General Shareholders' Meeting on proposals for the re-election or removal of independent directors by the general shareholders' meeting.

As a result, the Appointments, Remuneration and Corporate Governance Committee has the obligation to report in relation to the request to exercise the corporate action, since its approval would determine the consequent removal and dismissal of the independent director, Mr. Norman Sorensen Valdez.

The Appointments, Remuneration and Corporate Governance Committee of the Company approved this report on 7 June 2019, although in the deliberation and voting of the same, Mr. Norman Sorensen Valdez did not participate due to a conflict of interest.

## **2. COMMITTEE'S ANALYSIS OF THE JUSTIFICATIONS PUT FORWARD IN THE APPLICATION FOR CORPORATE ACTION**

The proposal of the shareholder Masampe, S.L. is that a corporate action of responsibility be brought against Mr. Sorensen, alleging that he has not adequately complied with the Company's legal and internal regulations related to his duties of loyalty and due diligence. Similarly, he has lost his independent directorship due to his relationship with the shareholder Silver Point Capital citing, as an example of the foregoing, his actions in relation to the non-renewal as members of the Board of Directors of Messrs. Martínez Sampedro. Lastly, Masampe, S.L. considers that such actions entail a breach of the Company's shareholders' agreement, an aspect that goes beyond the scope of action of this Committee.

With regard to the previous justifications, the Appointments, Remuneration and Corporate Governance Committee of Codere, S.A., makes the following declarations:

- i. The justification presented by Masampe, S.L. in no way concludes the existence of any breach by Mr. Sorensen of his obligations of loyalty and due diligence. No facts or circumstances determining non-compliance are specified, nor are any factual elements of any nature provided that would allow the liability claim formulated by Masampe, S.L., much less is the existence of damage to the Company as specified.
- ii. There is also no evidence of any legal or statutory non-compliance on the part of Mr. Sorensen, nor is it identified by Masampe, S.L.
- iii. There is no evidence to affirm that Mr. Sorensen has ceased to be an independent director and, in the opinion of the Committee, since his appointment he has acted and performed his duties without being conditioned by relations with the Company, its group, its significant shareholders or its executives.
- iv. In no case has Mr. Sorensen prevented, in the exercise of his functions and on an individual basis, the submission to the General Shareholders' Meeting of the proposal to renew Mr. José Antonio Martínez Sampedro and Mr. Luis Javier Martínez Sampedro as directors of the Company. In the process of selecting directors, this Committee has intervened in a collegiate way and by majority decision (and Mr. Sorensen has not done so individually). And it was the Committee that assessed the lack of suitability of Messrs. Martínez Sampedro.

The competence to re-elect and appoint proprietary directors lies, in the first instance, with this Committee in a consultative capacity and, in the second instance, with the Board of Directors, the body in charge of making the proposal it deems appropriate to the general meeting, once the suitability process has been concluded, following a report from the Committee. The above functions do not correspond to Mr. Sorensen (as a Director and Chairman of the Board of Directors, and a member of the Appointments, Remuneration and Corporate Governance Committee), nor to individual shareholders of the Company, against the statements made by Masampe,

S.L.

- v. Ultimately, Mr. Sorensen's conduct has not involved: (i) the performance of acts or omissions contrary to the law or the bylaws or the breach of duties inherent to the performance of the office; and (ii) nor the existence of any damage caused by Mr. Sorensen to the Company, for which reason the exercise of a corporate action of responsibility is not justified, the basic purpose of which is to demand responsibility from the administrator and repair the damage caused to the Company, circumstances that do not exist in this case.

### **3. ADDITIONAL CONSIDERATIONS ON MR. SORENSEN'S PROFILE AND HIS PERFORMANCE**

Mr. Norman Raúl Sorensen Valdez has a broad experience not only as a senior manager but also as member of the Board of Directors of top-level Companies, since 1972, carrying out positions as Chairman of several Committees, as Audit or Corporate Governance and Remuneration Committees.

This long and successful experience is linked, in particular, to the fact that it has taken place in different industries, with regard to financial restructuring, and a marked international presence, specially in Spanish-speaking America, which is particularly suitable for the markets in which the Company operates.

Mr. Sorensen was appointed Director of Codere, S.A., for the first time by co-opting, on April 28, 2016. Said appointment was later ratified by the General Shareholders Meeting held on June 30 2016. He was re-elected as Director by the General Shareholders Meeting held on June 27 2018. Additionally he is Chairman of the Board of Directors of the Company.

Mr. Sorensen is also Chairman of the Audit Committee, and member of the Appointments, Remuneration and Corporate Governance Committee of the Company. Regarding his performance during his term of office, Mr. Sorensen has attended all the meetings held by the Board of Directors, and he has also attended all the meetings held by the Appointments, Remuneration and Corporate Governance Committee. Finally, he has chaired regularly the meetings of the Audit Committee.

Thus, the Committee appreciates very positively the performance of his position since his appointment, and considers that his international experience is valuable contribution to the Board of Directors, and the Committee has not found any circumstance making it advisable to remove him as Director of the Company.

### **4. CONCLUSIONS**

This Committee considers that there has been no breach of Mr. Sorensen's duties of loyalty and due diligence and that he has not lost his independent status since his appointment, and also that he acts and performs his duties without being influenced by his relationship with the Company, its Group, its significant shareholders or its senior Management, and therefore he

complies with all the requirements stated in Section 529 duodecies of the Spanish Companies Act. The Committee does not share Masampe's statements.

The Committee, also wishes to point out that, Mr. Sorensen has not individually prevented, while developing his duties, the submission to the General Shareholders Meeting of the proposal of re-election as Directors of Mr. José Antonio Martínez Sampedro and D. Luis Javier Martínez Sampedro. After taking part in the Director's selection process, this Committee resolved (by means of a majority and collegiate decisión, and thus, not individually by Mr. Sorensen) the lack of suitability of the aforementioned proposed Directors, and reported favorably on the suitability of the alternatives candidates proposed by the Key Executive Parties, as defined under the Shareholders' Agreement of the Company, and thus the latter were proposed to the General Shareholders Meeting for their appointment.

As a result of the foregoing, this Committee understands that Mr. Sorensen remains unequivocally qualified to hold the position of Director of Codere S.A., as Independent Director, and does not find any circumstance that would question his independence or his compliance of his duties of due diligence and loyalty to the Company.

Accordingly, this Committee issues this unfavourably report on the exercise of a corporate action against Mr. Norman Sorensen Valdez, as proposed by Masampe, S.L.

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*(1) This report has been translated for information purposes only. Spanish version shall prevail.*