

**REPORT OF THE APPOINTMENT, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE
OF CODERE, S.A. REGARDING THE PROPOSAL OF MASAMPE, S.L. TO REMOVE MR. NORMAN
SORENSEN VALDEZ AND MR. MATTHEW CHARLES TURNER AS INDEPENDENT DIRECTORS**

1. **INTRODUCTION.**

This report is issued in the light of items Thirteen and Fourteen on the agenda of the ordinary and extraordinary general meeting of shareholders of Codere, S.A. held on 24 July 2020, called at the request of Masampe, S.L, shareholder of the Company under Article 168 of the Law on Corporations, and by virtue of which it requests that the *“Resignation of the Independent Director Mr. Norman R. Sorensen Valdez”* and the *“Resignation of the Independent Director Mr. Matthew Turner”* be submitted to a vote at the general meeting.

Section c) of Article 529 quidecies of the Law on Corporations states that the appointment and remuneration committees have, among other functions, those of *“Submitting to the board of directors proposals for the appointment of independent directors for their appointment by co-optation or for their submission to the decision of the general meeting of shareholders, as well as proposals for the re-election or removal of such directors by the general meeting of shareholders”*.

The same is contained in article 16.2.e) of the Codere Board Regulations, which states that the Appointment, Remuneration and Corporate Governance Committee is responsible for making 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.

Likewise, in accordance with recommendation 21 of the Unified Code of Good Corporate Governance, it is recommended that the Board of Directors does not propose the removal of any Independent Director before the completion of the statutory period for which they were appointed, except when there is just cause, as determined by the Board of Directors following a report from the Appointments Committee. In particular, it shall be understood that there is just cause when the director moves into new positions or contracts new obligations that prevent him from devoting the time necessary to perform the duties of the position of director, breach the duties inherent to his position or incur in some of the circumstances that cause him to lose his status as independent, in accordance with the provisions of the applicable legislation.

Consequently, the Appointments, Remuneration and Corporate Governance Committee is obliged to report on the request for the removal of the independent directors Norman Sorensen Valdez and Matthew Charles Turner.

Therefore, the Company's Appointments, Remuneration and Corporate Governance Committee approved this report on 22 June 2020, although, (i) in its deliberation and adoption of the resolution regarding the request for the removal of Mr. Norman Sorensen Valdez did not participate in this report, as he was absent at the time of the deliberation and vote because he believed there was a conflict of interest; and (ii) he did not participate in the deliberation and adoption of the resolution regarding the request for the removal of Mr.

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Mathew Charles Turner, as he was absent at the time of the deliberation and vote because he believed there was a conflict of interest.

2. **REPORT ON THE APPLICATION FOR REMOVAL OF MR NORMAN SORENSEN VALDEZ**

2.1 **The Committee's analysis of the justifications put forward in the request for termination**

The request of the shareholder Masampe, S.L. is that Mr. Sorensen be dismissed, succinctly arguing that:

- (a) He has continually and repeatedly violated the duties of loyalty and due diligence that, in accordance with Articles 225, 227 et seq. of the Law on Corporations, are required of him as a director of the Company.
- (b) Specifically, and among other actions, Masampe, S.L. considers that these duties have been violated given that, in his capacity as Chairman of the Board of Directors and of the Audit Committee, he has assumed a predominant role in relation to the internal investigation actions and the decisions finally adopted by the Board of Directors of the Company in relation to the accounting inconsistencies reported to the market through the Relevant Facts of 7 October and 13 November 2019, causing serious damage to the corporate interest by his actions, since the investigations have concluded that an accounting fraud had been committed, and he has avoided a thorough investigation of the case and, with it, a total purging of responsibilities.

In relation to the above justifications, the Appointments, Remuneration and Corporate Governance Committee of Codere, S.A., states the following:

- (a) From the justification presented by Masampe, S.L. the existence of any breach by Mr. Sorensen of his obligations of loyalty and due diligence is not concluded in any way.
- (b) Nor is there any evidence of the existence of any legal or statutory breach by Mr. Sorensen, nor is it identified by Masampe, S.L. in its justification, nor has the cause of any damage to the company's interests been alleged or proven.
- (c) The present Committee has reviewed the actions taken by both the Audit Committee and the Board of Directors in relation to the accounting inconsistencies reported through relevant events dated October 7, 2019 (registration number 282363) and November 13, 2019 (registration number 283623), and has found that:
 - (i) Since the first indications of accounting inconsistencies detected by the Company's internal controls, the Board of Directors has met four times, the Audit Committee has held two meetings (on three different days), the Compliance Committee has held one meeting and this Appointments, Remuneration and Corporate Governance Committee has met twice, to analyse the facts, take the appropriate investigative measures and subsequently adopt the relevant corrective decisions in disciplinary and organisational matters, as well as the implementation of various measures,

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increasing the degree of automation, strengthening computer controls and raising the level of segregation of duties and control procedures of the organisational units.

- (ii) As communicated by means of a relevant fact dated 13 November 2019 (registration number 283623), the Company commissioned, through its Board of Directors and the Audit Committee, Kroy Abogados and Alvarez & Marsal, both independent firms of Codere, S.A., to carry out the corresponding independent investigation to determine the quantification of the inconsistencies and their management, as well as to evaluate the potential measures and instruments to strengthen the internal controls of the Company. This is why this Committee can only express its surprise at the allegations of an obstructionist attitude on the part of this director.
 - (iii) The coordination of the Board of Directors and the Audit Committee with the Company's management team has been constant and uninterrupted, with regular attendance by Company management personnel and the external auditor at the corresponding meetings of these bodies, in order to keep them informed of the progress of the investigation process and thus enable them to take the appropriate decisions.
 - (iv) The action taken by Mr. Sorensen, in his capacity as Chairman of the Board of Directors and the Audit Committee, has been favourable to the previous tasks of investigation, purging of responsibility and implementation of corrective and preventive measures, and the Committee did not find any evidence to the contrary. His intervention must, in any case, be framed within the collegiality that characterizes the bodies he presides over, which act by majority decision.
 - (v) In addition to the above, the independent analysis developed has been completed with the consultation with the company's external auditors in the audit procedure, who carried out a limited review procedure (ISRE 2410) of the third quarter accounts.
- (d) The Committee understands, based on the above mentioned actions and the analysed information, that the request made by Masampe, S.L. is solely for cause and falls within the framework of the conflict that certain shareholders and directors have with the Company, other shareholders and its governing bodies, lacking, in any case, a well-founded basis for the alleged breaches.

2.2 Additional considerations on the profile of Mr. Norman Sorensen Valdez and his performance

Mr. Norman Raúl Sorensen Valdez has extensive experience both as an executive and as a member of the Board of Directors of leading companies throughout a long and uninterrupted career since 1972, during which time he has chaired Committees such as the Corporate Governance, Remuneration and Audit Committees.

This long and successful experience is combined, in particular, with the fact that his experience has taken place in companies dedicated to different sectors, in the area of financial restructuring, and with a strong international presence, and particularly in Spanish-

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speaking Latin America, which is particularly appropriate to the conditions of the markets in which the Company operates.

Mr. Sorensen Valdez is currently a member of the Board of Directors of Encore Capital Group (NASDAQ: ECPG), a company in which he also forms part of the Audit Committee and the Appointments and Corporate Governance Committee. Encore Capital Group is a specialised finance company with a presence in 14 countries (including Europe and Latin America).

In addition, with respect to his experience at Codere, S.A., Mr. Sorensen was appointed as a director of Codere, S.A. for the first time by co-option on 28 April 2016, an appointment that was ratified at the general shareholder meeting of 30 June 2016, and he was re-elected to his position at the general shareholder meeting of 27 June 2018, recognizing his worth and suitability for the position. He is also the Chairman of the Board of Directors of the Company, a position he has held with absolute dedication, as will be shown below.

Mr. Sorensen is also Chairman of the Appointments, Remuneration and Corporate Governance Committee and a member of the Company's Audit Committee. With regard to his performance during his term of office, Mr. Sorensen attended all the meetings held by the Board of Directors, and he also attended all the meetings of the Appointments, Remuneration and Corporate Governance Committee. Lastly, Mr. Sorensen has regularly chaired the meetings of the Audit Committee during the term of his mandate, which has now ended.

Thus, the Committee values very positively the performance of his position since his incorporation, and considers that his international experience is a valuable contribution to the Board, not having appreciated any circumstance that advises his dismissal as a director of the Company, but rather the opposite.

2.3 Conclusions

This Committee considers that there has been no breach by Mr. Sorensen of his obligations of loyalty and due diligence, and that he has not lost his independent status since his appointment, considering that he acts and performs his duties without being conditioned by relationships with the company, its group, its significant shareholders or its directors, thus fulfilling the requirements of Article 529 duodecies of the Law on Corporations.

The Committee also notes that, in connection with Masampe's statement and for the purposes of this report, in its view, Mr. Sorensen has not only not prevented or hindered, in the exercise of his functions, the investigations related to the accounting inconsistencies detected, nor the purging of the corresponding responsibilities and implementation of corrective measures, but quite the opposite, having actively participated in the Board and Committees of which he is a member, informing himself in depth and suggesting the lines of action that, due to his professional experience, could be appropriate, being more specifically, the one who proposed the need for an external investigation of what happened and the urgent need to convene the Board of Directors to report on the facts. The Committee considers that the actions carried out by the Board of Directors and the Audit Committee of the Company have always been, and in any case, aimed at carrying out a transparent,

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independent and detailed investigation of such inconsistencies detected, and that the involvement of Mr. Sorensen in such actions has always been in favour of such criterion.

As a result of the foregoing, this Committee understands that Mr. Sorensen continues to be unequivocally qualified to be a director of Codere S.A., with the nature of an independent, having not appreciated any circumstance that puts in doubt his independence or diminishes his compliance with his duties of diligence and loyalty to the Company.

This is why this Committee reports UNFAVOURABLY on the proposal made by Masampe S.L. in connection to remove Mr. Norman Sorensen Valdez, as independent Director of the Company.

3. REPORT ON THE APPLICATION FOR REMOVAL OF MR MATTHEW CHARLES TURNER

3.1 The Committee's analysis of the justifications put forward in the request for termination

The Committee understands that the analysis in paragraph 2.1 of Mr Norman Sorensen Valdez also applies to Mr Turner.

This Committee, thus considers that:

- (a) From the justification presented by Masampe, S.L. the existence of any breach by Mr. Turner of his obligations of loyalty and due diligence is not concluded in any way.
- (b) Nor is there any evidence of the existence of any legal or statutory breach by Mr. Turner, nor is it identified by Masampe, S.L. in its justification, nor has the cause of any damage to the company's interests been alleged or proven.
- (c) Regarding the actions carried out by both the Audit Committee and the Board of Directors in relation to the accounting inconsistencies reported by means of relevant events dated 7 October 2019 (registration number 282363) and 13 November 2019 (registration number 283623), we refer to what is detailed in section 2.1. above, noting that the actions carried out by Mr. Turner, in his capacity as a member of the Board of Directors and the Audit Committee, has been at least favourable to the work of investigation, clarification of responsibility and implementation of corrective and preventive measures, the Committee not appreciating any indication to the contrary. His intervention must, in any case, be framed within the collegiality that characterizes the bodies he is part, which act by majority decision.
- (d) The Committee therefore understands that the request made by Masampe, S.L. is solely and falls within the framework of the conflict that certain shareholders and directors have with the Company, other shareholders and its governing bodies in any case, a well-founded basis for the alleged breaches.

3.2 Additional considerations on the profile of Mr. Matthew Charles Turner and his performance

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Mr. Matthew C. Turner joined Codere S.A. as an Independent Director in April 2016. He currently serves on the Audit Committee, the Appointments, Remuneration and Corporate Governance Committee and the Compliance Committee of Codere S.A.

Mr. Turner, a UK law graduate, currently sits on six Boards of Unlisted Companies, on two of which he is a member of the Audit Committee and the Remuneration Committee.

Mr. Turner has extensive experience both as an executive and as a member of the Board of Directors of various companies. Over the past 25 years, Mr. Turner has held various positions in the financial, industrial and investment sectors, including 4 years as International Private Equity Manager at Bank of America Merrill Lynch, and CEO-appointment at Kaupthing Bank, all of which have led to extensive experience in mergers and acquisitions and private equity.

With regard to his performance during his term of office, the Committee has noted that Mr. Turner has attended 94% of the meetings held by the Board of Directors, attending most of the meetings of the committees on which he sits as a member, and regularly chairing the Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee (during his recently completed term of office), thus verifying Mr. Turner's commitment and availability to the Company.

Thus, the Committee values very positively the performance of his position since his incorporation and considers that his experience is a valuable contribution to the Board, not having appreciated any circumstance that advises his dismissal as a director of the Company.

3.3 Conclusions

This Committee considers that there has been no breach by Mr. Turner of his obligations of loyalty and due diligence, and that he has not lost his independent status since his appointment, considering that he acts and performs his duties without being conditioned by relationships with the company, its group, its significant shareholders or its directors, thus fulfilling the requirements of Article 529 duodecies of the Law on Corporations.

in connection with Masampe's statement and for the purposes of this report, in its view, Mr. Turner has not only not prevented or hindered, in the exercise of his functions, the investigations related to the accounting inconsistencies detected, nor the purging of the corresponding responsibilities and implementation of corrective measures, but quite the opposite, having actively participated in the Board and Committees of which he is a member, informing himself in depth and suggesting the lines of action that, due to his professional experience, could be appropriate, reinforcing the need to keep the Board of Directors permanently informed. The Committee considers that the actions carried out by the Board of Directors and the Audit Committee of the Company have always been, and in any case, aimed at carrying out a transparent, independent and detailed investigation of such inconsistencies detected, and that the involvement of Mr. Turner in such actions has always been in favour of such criterion.

As a result of the foregoing, this Committee understands that Mr. Turner continues to be unequivocally qualified to be a director of Codere S.A., with the nature of an independent,

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having not appreciated any circumstance that puts in doubt his independence or diminishes his compliance with his duties of diligence and loyalty to the Company.

This is why this Committee reports UNFAVOURABLY on the proposal to remove Mr. Matthew Charles Turner as independent directors as proposed by Masampe, S.L.

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