

REPORT OF THE APPOINTMENT, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF CODERE, S.A. REGARDING THE PROPOSAL OF MASAMPE, S.L. TO REMOVE MR. TIMOTHY PAUL LAVELLE AS NOMINEE DIRECTOR.

1. INTRODUCTION.

This report is issued in the light of item Fifteen 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 Nominee Director Mr. Timothy Lavelle"* be submitted to a vote at the general meeting.

Section d) of Article 529 quidecies of the Law on Corporations states that the appointment and remuneration committees have, among other functions, those of *"Informing 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"*.

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 informing the appointment of the other directors, by co-option or for their submission to the shareholders' general meeting, in addition to proposals for their re-election or dismissal, by the shareholders' general meeting.

Consequently, the Appointments, Remuneration and Corporate Governance Committee has the duty to inform in connection with the requested resignation of the Nominee Director, Mr. Timothy Paul Lavelle.

Thus, the Appointments, Remuneration and Corporate Governance Committee has approved this report on 22 June 2020, Masampe, S.L. voting against.

2. REPORT ON THE APPLICATION FOR REMOVAL OF MR TIMOTHY PAUL LAVELLE.

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. Lavelle 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 member 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

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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. Lavelle 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. Lavelle, 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, 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

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informed of the progress of the investigation process and thus enable them to take the appropriate decisions.

- (iv) The action taken by Mr. Lavelle, in his capacity as member 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 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 therefore understands, based on the above said actions and 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. Timothy Paul Lavelle and his performance

Mr. Lavelle works as a Partner in Fairfield Dental Partners. Until 2019 he worked in Silver Point Capital L.P., (specialized in Special Situations Investments) a company providing advice on investments which he joined in 2008 and has broad experience as director in the gaming market, real state and medical equipment market.

Before he joined Silver Point Capital L.P., Mr. Lavelle worked at the Investment Banking division of Credit Suisse Securities LLC.

Currently, Mr. Lavelle forms part of the Boards of Directors of Codere S.A. (since 2016), Studio City International Holdings Ltd (public company listed in NYSE), Rotech Healthcare Holdings Inc. and Trident Topco LLC. Additionally, Mr. Lavelle forms part of the Audit Committee of Codere S.A. and of the Remuneration and Corporate Governance Committee of Studio City International Holdings Ltd. as well as the Audit and Remuneration Committee of Rotech Healthcare Holdings.

Mr. Lavelle has been proposed by the shareholder Silver Point which holds a direct and indirect shareholding in Codere S.A. exceeding 20% of its share capital and he is accordingly a Nominee Director.

Since he joined the Company as Director and member of the Audit Committee of Codere S.A., Mr. Lavelle has attended to all the Board meetings and to all the meetings of the Audit Committee. This Committee considers that both the devotion of Mr. Lavelle to the discharge of his duties as director of Codere S.A., and his experience and knowledge permit him to

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adequately perform his functions as Director.

Thus, this 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.

2.3 Conclusions

This Committee considers that there has been no breach by Mr. Lavelle of his obligations of loyalty and due diligence, considering that he acts and performs his duties in the best interest of the Company.

The Committee also notes that, in connection with Masampe's statements and for the purpose of this report, in its view, Mr. Lavelle 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 Audit Committee 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 asked the external auditor to check if best practices had been followed by the Company and suggesting to engage in quarterly limited reviews with the external auditor. 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. Lavelle in such actions has always been in favour of such criterion.

As a result of the foregoing, this Committee understands that Mr. Lavelle continues to be unequivocally qualified to be a director of Codere S.A., with the nature of Nominee, having not appreciated any circumstance that puts in doubt 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. Timothy Paul Lavelle as Nominee Director, as proposed by Masampe, S.L.

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