

REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF CODERE S.A. ON THE PROPOSAL FOR THE APPOINTMENT OF JOSÉ ANTONIO MARTÍNEZ SAMPEDRO AND LUIS JAVIER MARTÍNEZ SAMPEDRO

1. INTRODUCTION

On June 26, 2020, a notarial demand was received at the registered office of Codere S.A. ("**Codere**" or the "**Company**"), sent by Masampe, S.L., in its capacity as shareholder of the Company, relating to the annual and special shareholders' meeting called to be held on July 24 and 25, 2020, on first and second call, respectively (the "**Shareholders' Meeting**").

The requests made in said demands by Masampe, S.L. include the *"Request for Supplement to Notice of Call for the Shareholders' Meeting for July 24, 2020, to submit to discussion and ballot at said shareholders' meeting the 'appointment of José Antonio Martínez Sampedro to director of the Company' and the 'appointment of Luis Javier Martínez Sampedro to director of the Company'"*.

2. SHAREHOLDERS' MEETING OF APRIL 6, 2016, AND BACKGROUND INFORMATION

After the restructuring undertaken by the Codere Group in 2014, 2015 and 2016, certain shareholders entered into a shareholders' agreement on April 6, 2016 (the "**Shareholders' Agreement**").

Said Shareholders' Agreement regulates, in article 5.3.2, the "rights of proposal and joint proposal for appointment of directors" held by certain shareholders.

The Board of Directors of the Company, before the Shareholders' Meeting was called, foreseeing that certain appointments of directors were to expire shortly, in certain cases, and the existence of vacancies, in others, on May 14, 2020, requested those shareholders with the right to propose candidates under the Shareholders' Agreement to propose the appointment of directors, if they so wished.

In that context, José Antonio Martínez Sampedro, Luis Javier Martínez Sampedro and Masampe S.L. jointly reported to the Company their proposal to elect José Antonio Martínez Sampedro, Luis Javier Martínez Sampedro and Masampe, S.L. (the latter represented by Pío Cabanillas Alonso) to nominee directors.

In the case of the renewal of the term in office of Masampe and its natural person representative, this Committee and the Board of Directors reported in favor as recorded in the report issued on item 3.6 on the agenda of the Shareholders' Meeting. Accordingly, the Board of Directors has proposed the aforementioned appointment to the Shareholders' Meeting and the report is available to the shareholders from the date of the notice of call for said Shareholders' Meeting.

However, the Appointments, Remuneration and Corporate Governance Committee drew the conclusion that the Martínez Sampedro brothers were not suitable candidates and that it was thus inappropriate to report in favor of their appointment. This was reported to the Board which, consistently with the above did not issue a proposal for appointment to the Shareholders' Meeting.

Notwithstanding the above, the Board of Directors afforded Masampe and the Martínez Sampedro

brothers the opportunity to designate alternative candidates, as had been done in 2019 when the Appointments, Remuneration and Corporate Governance Committee and the Board also considered that said candidates were unsuitable to hold office.

Indeed, on May 13, 2019, Masampe, S.L. and the Martínez Sampedro brothers proposed José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro as candidates to nominee directors and, like this time, the Appointments, Remuneration and Corporate Governance Committee drew the conclusion that they were not suitable candidates but nevertheless which they were given the opportunity to propose alternative candidates, which they did, on a subsidiary basis, in the event that Messrs. Martínez Sampedro were not appointed. Due to this, Alberto Manzanares and Fernando Sempere were proposed as candidates and were considered suitable and, thus, proposed by the Board of Directors to the 2019 Annual Shareholders' Meeting at which they were finally appointed. Nevertheless, Messrs. Manzanares and Sempere tendered their resignation in October and November 2019, respectively, these being the two vacancies that it is now intended to fill.

This time, unlike what occurred in 2019, after the Board refused to propose said candidates to the Shareholders' Meeting deeming them not to be suitable and afforded the opportunity to propose alternative candidates, Masampe, S.L. and the Martínez Sampedro brothers have decided to withdraw their proposal for appointment of José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro, not to propose alternative candidates and, finally, to request the Board of the Company to publish a supplement to the notice of call for the Shareholders' Meeting, including, as new items on the agenda, the election of the Martínez Sampedro to nominee directors.

3. LEGISLATIVE FRAMEWORK FOR ISSUE OF THIS REPORT

Article 529.i of the Spanish Companies Law, relating to the appointment and reelection of directors establishes, in section 6:

"The proposal for appointment or reelection of any non-independent director shall be preceded, also, by a report issued by the appointments and remuneration committee".

In addition, article 16.2.e. of the Board Regulation establishes that the Appointments, Remuneration and Corporate Governance Committee has competence to report on the appointment of non-independent directors, for their reelection by the Shareholders' Meeting.

In turn, Technical Guide 1/2019 (Guía Técnica 1/2019), on Appointments and Remuneration Committees, published by the CNMV, points out, in Section Three (Composition and Operating Procedure of the Appointments and Remuneration Committee), Section 3 (Assessment and Selection of Directors): *"the appointments and remuneration committee shall assess the suitability of the candidate regardless of the class of director to which he will be appointed and of the person who proposed the candidate (including those who are to be appointed exercising the right of appointment by coopting). The Appointments and Remuneration Committee shall place on record the assessment carried out and the suitability of the candidate for the class of director to which he is to be appointed in the minutes of the meeting at which the matter was discussed and, where applicable, in the report or proposal to be sent by the Appointments and Remuneration Committee to the Board for the appointment or reelection of directors."*

Thus, Technical Guide 1/2019 recognizes the assessment and selection of directors as one of the main functions of these Committees, which thus include the need to assess the suitability of each candidate, regardless of the class of director to which the candidate is to be appointed and of the

person making the proposal (including those who will be appointed exercising the right of appointment by co-opting).

Thus, after shareholder Masampe, S.L. has submitted to the Shareholders' Meeting a proposal for appointment of nominee directors, through the request for supplement to the agenda, it is considered that a report should be issued on the suitability of the proposed candidates. José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro, although such report may be unfavorable.

4. ASSESSMENT OF JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

a) Class of director

José Antonio Martínez Sampedro has been proposed by shareholder Masampe S.L. which holds a direct shareholding in Codere S.A., and would thus be appointed to Nominee Director, should he be proposed and appointed.

b) Suitability and adequacy

Any judgment of suitability requires all relevant circumstances to be analyzed in depth assessing not only skills, knowledge and experience but also the conformance by the candidate to the best standards of conduct and ethics, on the basis of the sources of information that the Company may obtain through any lawful procedure but, mainly, as the case may be, the information available to the Company due to the actions of the candidate with the Company itself.

José Antonio Martínez Sampedro was involved in a series of circumstances occurred while he discharged his duties as executive director of the Company that, in the opinion of this Committee, render him unsuitable to hold office as director. This opinion is founded on the understanding of the Company that Mr. Martínez Sampedro would be responsible for the inadequate making and performance by the Company of certain commercial agreements and transactions with related companies and an inadequate use of funds and assets of the Company.

In this regard, the Company has taken action against him for the aforementioned facts and circumstances. Thus, inter alia, it filed a counterclaim against Mr. José Antonio Martínez Sampedro in the arbitration proceeding instituted by José Antonio Martínez Sampedro, Luis Javier Martínez Sampedro and Masampe, S.L. against the Company, directors and shareholders of the Company; and, more recently, Codere Newco S.A.U., has taken corporate action for liability against the Martínez Sampedro brothers for certain personal expenses relating to Francomar Investments, S.L.

Thus, the Committee considers that for the time during which he held office as director of the Company, José Antonio Martínez Sampedro's conduct was not adequate or loyal to the Company, leading the Company to claim his liability at several court instances implying that it is impossible to consider him suitable for to hold office as director of the Company.

5. ASSESSMENT OF LUIS JAVIER MARTÍNEZ SAMPEDRO.

a) Class of director

Luis Javier Martínez Sampedro has been proposed by shareholder Masampe S.L. which holds a

significant direct shareholding in Codere S.A., and would thus be appointed to Nominee Director, should he be proposed and appointed.

b) Suitability and adequacy

This Committee has analyzed the professional profile of Luis Javier Martínez Sampedro and whether he is included in any event of incompatibility and/or prohibition from holding office, without the existence of significant incidents in this respect having been evidenced.

Notwithstanding the above, any judgment of suitability requires all relevant circumstances to be analyzed in depth assessing not only skills, knowledge and experience but also the conformance by the candidate to the best standards of conduct and ethics, on the basis of the sources of information that the Company may obtain through any lawful procedure but, mainly, as the case may be, the information available to the Company due to the actions of the candidate with the Company itself.

Luis Javier Martínez Sampedro was involved in a series of circumstances occurred while he discharged his duties as executive director of the Company that, in the opinion of this Committee, render him unsuitable to hold office as director. This opinion is founded on the understanding of the Company that Mr. Martínez Sampedro would be responsible for the inadequate making and performance by the Company of certain commercial agreements and transactions with related companies and an inadequate use of funds and assets of the Company.

The Company has taken action against him for the aforementioned facts and circumstances. Thus, inter alia, it filed a counterclaim against Mr. Luis Javier Martínez Sampedro in the arbitration proceeding instituted by José Antonio Martínez Sampedro, Luis Javier Martínez Sampedro and Masampe, S.L. against the Company, directors and shareholders of the Company; and, more recently, Codere Newco S.A.U., has taken corporate action for liability against the Martínez Sampedro brothers for certain personal expenses relating to Francomar Investments, S.L.

Thus, the Committee considers that for the time during which he held office as director of the Company, Luis Javier Martínez Sampedro's conduct was not adequate or loyal to the Company, leading the Company to claim his liability at several court instances implying that it is impossible to consider him suitable for to hold office as director of the Company

6. CONCLUSIONS

Thus, this Committee considers that José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro are unsuitable as candidates and issues this UNFAVORABLE report on the proposal submitted by Masampe S.L.

July 2020.