

## REPORT ISSUED BY THE BOARD OF DIRECTORS OF CODERE S.A. ON THE PROPOSAL FOR REELECTION OF DIRECTORS SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING

### 1. INTRODUCTION

The Board of Directors of Codere, S.A. (the "Company") issues this report to support the proposal for reelection of Directors submitted to the Shareholders' Meeting for approval pursuant to article 529.i of the Spanish Corporate Enterprises Law (*Ley de Sociedades de Capital*), worded verbatim:

*1. The members of the board of directors of a listed company shall be appointed by the shareholders' meeting or, in the event of an early vacancy, by the board itself by co-opting.*

*2. Co-opting in listed companies shall be subject to the procedure established in this Law, with the following exceptions:*

*a) The director appointed by the board need not be a shareholder of the company.*

*b) Should the vacancy arise after the shareholders' meeting has been called and before it has been held, the board of directors may appoint one director until the next shareholders' meeting is held.*

*3. In listed business corporations (sociedades anónimas) no substitutes need be appointed.*

*4. The appointment or re-election of members of the board of directors shall be proposed by the appointments and remuneration committee, in the case of independent directors, and by the board itself, in other cases.*

*5. The proposal shall in any case be accompanied by a supporting report of the board assessing the competence, experience and merits of the proposed candidate, which report shall be attached to the minutes of the shareholders' meeting or of the board meeting.*

*6. The proposal for appointment or re-election of any non-independent director shall be preceded, also, by a report of the appointments and remuneration committee.*

*7. The provisions of this article shall apply also to natural persons appointed representing a director that is a legal person. The proposal of the natural person representative shall be subject to the report of the appointments and remuneration committee.*

Finally, the Spanish Corporate Enterprises Law requires the Board of Directors that proposes the re-election of the Board members to prepare in any case a supporting report, assessing the competence, experience and merits of the proposed candidate, which report shall be attached, in this case, to the minutes of the Board meeting. Pursuant to article 518 of the Corporate Enterprises Law, this report shall be published in the corporate website of Codere, S.A. without interruption from the date of publication of the notice of call for the Shareholders' Meeting.

Accordingly, the Board of Directors assesses in this report the competence, experience and merits of the candidates proposed to be re-elected to Directors: i) Mr. Norman Raúl Sorensen Valdez, to be re-

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elected as Independent Director of the Company; ii) Mr. Matthew Turner, to be re-elected as Independent Director of the Company; iii) Mr. David Reganato, to be re-elected as Nominee Director of the Company; iv) Mr. Timothy Lavelle, to be re-elected as Nominee Director of the Company; v) Mr. Manuel Martínez-Fidalgo Vázquez, to be re-elected as Nominee Director of the Company, and; vi) Masampe S.L., to be re-elected as Nominee Director, represented by Mr. Pío Cabanillas Alonso.

## **2. DIRECTORS SELECTION POLICY AND SHAREHOLDERS' AGREEMENT EXECUTED ON APRIL 6 2016 (SHA).**

The Board of Directors approved in its meeting held on November 10, 2016, a Directors Selection Policy, which main objective is to achieve diversity in the composition of the Board of Directors in its broadest sense, stimulating diversity of knowledge, experiences, origin and gender in the Board.

Thus, said Policy stated that candidates for Director shall be persons of recognized prestige, caliber, experience and training, especially in traditional and online gaming and gambling, economic and financial matters, accounting, auditing, risk management and or business management. In addition, it requires high ethical standards for Directors, in order to comply with the strict regulations in the gaming market in which the Company operates. Said Policy also states that the first step in the selection or re-election process of directors shall be a prior analysis of the needs of the Company and its Group.

However, the Board has also taken into account, at the time of issuing its proposal to the General Shareholders Meeting, that the SHA executed on April 6 2016, (to which the Company adhered later) establishes some nominating and co-nominating rights for certain shareholders, after which, it has been considered that the present proposals are in the best interest of the Company.

## **3. REPORT ON MR. NORMAN RAUL SORENSEN VALDEZ.**

### **a) Professional profile.**

Born on July 6 1945 in Montevideo (Uruguay).

Mr. Sorensen Valdez joined Codere S.A. as an independent director on April 2016. On January 2018 he was appointed as Chairman of the Board of Directors. During the last four years he has also been a member of the Audit Committee and the Appointments, Remuneration and Corporate Governance Committee

Mr. Sorensen has a bachelor's degree in chemical engineering from the U.S. Air Force Academy (USAFA, Colorado Springs, Colorado), having participated in the Senior Executive Program of Columbia University.

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.

Mr. Norman Sorensen is the former Chairman, President and CEO of Principal International, the global business holding company of Principal Financial Group (Nasdaq: PFG). Prior to Principal

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Financial, Mr. Sorensen was a Senior Vice President at American International Group (NYSE: AIG). He has also served in several Board of Directors of listed companies as Insperity Inc., DE Master Blenders or Sara Lee Corporation.

Mr. Sorensen speaks English, Spanish, Portuguese and German.

**b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Sorensen, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Mr. Sorensen to continue holding office as Director of the Company.

**c) Availability.**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

**d) Absence of incompatibility.**

It has also been verified that the candidate is not included in any event of incompatibility or prohibition.

**e) Class of director.**

The proposal to re-elect of Mr. Sorensen as Independent Director of the Company, has been made by the Appointments, Remuneration and Corporate Governance Committee, as set out in the report that said Committee has issued on June 22 2020, after having verified that he can carry out his functions without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives.

#### **4. REPORT ON MR. MATTHEW CHARLES TURNER.**

**a) Professional profile.**

Born on November 10 1963 in London (United Kingdom).

Mr. Matthew Turner joined Codere S.A. as an independent director on April 2016. He is currently a member of the Audit Committee, the Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee.

Mr. Turner has a bachelor's degree in law in UK.

Mr. Turner has extensive experience both as an executive and as a member of the Board of Directors of many companies. Over the past 25 years, he has held several positions in the financial, industrial

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and investment sectors, holding significant positions as Managing Director in the International Head of Global Private Equity in Bank of America Merrill Lynch (4 years) or Designate Chief Executive of Kaupthing Bank, which has led him to acquire wide experience in M&A and private equity.

**b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Turner, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Mr. Turner to continue holding office as Director of the Company.

**c) Availability.**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

**d) Absence of incompatibility.**

It has also been verified that the candidate is not included in any event of incompatibility or prohibition.

**e) Class of director.**

The proposal to re-elect of Mr. Turner as Independent Director of the Company, has been made by the Appointments, Remuneration and Corporate Governance Committee, as set out in the report that said Committee has issued on June 22 2020, after having verified that he can carry out his functions without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives.

## **5. REPORT ON MR. DAVID ANTHONY REGANATO.**

**a) Professional profile.**

Born on December 4 1979 in New York (USA).

Mr. Reganato has a bachelor's degree in Finance and Accounting from the Stern School of Business, at New York University.

Currently, Mr. Reganato works as a Partner in Silver Point Capital L.P., a company providing advice on investments which he joined in November 2002 and has broad experience as director in the US and Asian gaming market, and the media and medical equipment market.

Before he joined Silver Point Capital L.P., Mr. Reganato worked at the Investment Banking division of Morgan Stanley.

Currently, Mr. Reganato forms part of the Boards of Directors of Codere S.A., Studio City International

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Holdings Ltd (public company listed in NYSE), Granite Broadcasting LLC, Rotech Healthcare, Inc., Trident Topco LLC and Codere S.A.

**b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Reganato, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Mr. Reganato to continue holding office as Director of the Company.

**c) Availability.**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

**d) Absence of incompatibility.**

It has also been verified that the candidate is not included in any event of incompatibility or prohibition.

**e) Class of director.**

Mr. Reganato has been proposed at the request of shareholder SilverPoint, holding a direct and indirect shareholding in Codere S.A. exceeding 20% of the share capital and therefore, he is included in the class of Nominee Directors, with the previous favorable report of the Appointment, Remuneration and Corporate Governance Committee, issued on June 22 2020, which shall be made available to the shareholders on the occasion of the General Shareholders Meeting.

**6. REPORT ON MR. TIMOTHY PAUL LAVELLE.**

**a) Professional profile.**

Born on April 21 1984 in Kentucky (USA).

Mr. Lavelle has a BBA in Finance and Psychology from the University of Notre Dame.

Currently, 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

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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 Nominating and Corporate Governance Committee of Studio CiTy International Holdings Ltd. as well as the Audit and Remuneration Committee of Rotech Healthcare Holdings.

**b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Lavelle, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Mr. Lavelle to continue holding office as Director of the Company.

**c) Availability.**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

**d) Absence of incompatibility.**

It has also been verified that the candidate is not included in any event of incompatibility or prohibition.

**e) Class of director.**

Mr. Lavelle was proposed at the request of shareholder SilverPoint, holding a direct and indirect shareholding in Codere S.A. exceeding 20% of the share capital and therefore, he is included in the class of Nominee Directors, with the previous favorable report of the Appointment, Remuneration and Corporate Governance Committee, issued on June 22 2020, which shall be made available to the shareholders on the occasion of the General Shareholders Meeting.

## **7. REPORT ON MR. MANUEL MARTÍNEZ-FIDALGO VÁZQUEZ**

**a) Professional profile.**

Born on December 26 1975, in Oviedo (Spain).

Mr. Manuel Martínez-Fidalgo Vázquez has a bachelor's degree in Economic and Business Science from Oviedo University. He has a master's degree in Business Administration (MBA) from Duke University.

Currently, Mr. Martínez-Fidalgo Vázquez is Managing Director in the financial restructuring department at Houlihan Lokey. For the past seventeen years in Houlihan Lokey Manuel Martínez-Fidalgo Vázquez has participated in a large number of restructuring procedures carried out both in Spain and in other countries.

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Before he joined Houlihan Lokey, Mr. Martínez Fidalgo was Associate at Deutsche Bank, having worked also at Merrill Lynch and at Cajastur (currently Liberbank).

**b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Martínez-Fidalgo Vázquez, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the past two years.

Accordingly, the Board of Directors has drawn a very favorable conclusion on the suitability of Mr. Martínez-Fidalgo Vázquez to continue holding office as Director of the Company.

**c) Availability.**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

**d) Absence of incompatibility.**

It has also been verified that the candidate is not included in any event of incompatibility or prohibition.

**e) Class of director.**

Mr. Martínez-Fidalgo Vázquez was proposed at the request of shareholders Abrams Capital Management L.P. and M&G Investments and SilverPoint, holding a direct and indirect shareholding in Codere S.A. exceeding 15% of the share capital and therefore, he is included in the class of Nominee Directors, with the previous favorable report of the Appointment, Remuneration and Corporate Governance Committee, issued on June 22 2020, which shall be made available to the shareholders on the occasion of the General Shareholders Meeting.

## **8. REPORT ON MASAMPE S.L. AND ITS REPRESENTATIVE, MR. PIO CABANILLAS ALONSO.**

Masampe, S.L. is a Spanish Company, with registered address in Alcobendas (Madrid), La Moraleja, Calle Camino Viejo nº 84, Intergolf 23, with Tax number B79486981, and registered in the Madrid Trade Register, in volume 276, sheet 73, page number M-5566, entry 1. Its corporate purposes includes, among other activities, the coordination of the provision of economic and financial business services.

Masampe, S.L. was appointed Director of Codere, S.A. for the first time on July 28, 1998 and it held the office until June 1999. Later, the General Shareholders' Meeting held on May 7, 2008 re-appointed Masampe S.L. as Director, position which it accepted on November 10, 2009. Since then, it has held the position uninterruptedly.

Masampe, S.L. has been designated at the proposal of the Key Executives Parties (Mr. José Antonio Martínez Sampedro, Mr. Luis Javier Martínez Sampedro and Masampe S.L.) as defined in the Shareholders' Agreement abovesaid, informing that its representative at the Board will be Mr. Pío

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Cabanillas Alonso, who has held that position for the last four years. Masampe S.L. holds 14,06% of the voting rights in the Company, and therefore, it is included in the class of Nominee Directors.

This Board also analyzes, the proposed candidate to be the representative of Masampe S.L. at the Board.

## **a) Professional profile.**

Born on December 9 1958, in Madrid (Spain).

Mr. Cabanillas Alonso is a graduate in Law from the Universidad Complutense de Madrid, and holds a Master of Arts in Law and Diplomacy, by the Fletcher School of Law and Diplomacy (Tufts-Harvard) and a Diploma of Advanced Studies, by the Faculty of Information Sciences of the Universidad Complutense de Madrid.

Currently Mr. Cabanillas is President of PROTV, a communication and branding consultancy company. Previously he has held several senior management positions in other listed companies as Acciona S.A. (Corporate Image and Global Marketing General Manager), Endesa S.A. (Communication General Manager), or Grupo Prisa (Director of Development and International Relations). Additionally, Mr. Cabanillas is experienced in the public sector, having been Spanish Government spokesman, and Lawyer at the Directorate General for Competition at the EU.

He is currently member of the Board of Torreal S.A. and Schindler S.A. (España).

## **b) Suitability and merits.**

The Board of Directors has studied and assessed the experience, training and professional profile of Mr. Cabanillas Alonso, his merits and competence to hold office as Director, his experience and knowledge in sectors and matters relevant for the Company and its Group, and his performance and contributions as Director over the time in which he has held office.

In that sense, the Board of Directors, previous report of the Appointments, Remuneration and Corporate Governance Committee, considers that it is necessary to mention the facts that having arisen within 2020, have caused that the Board of Directors requested Masampe S.L. to replace Mr. Cabanillas as its representative at the Board, due to a loss of trust in him. The Board of Directors is convinced that Mr. Cabanillas allowed the attendance or the connection to the Board meeting held on January 14 by teleconference, to a non-authorized person.

Those facts, that Mr. Cabanillas denies, caused, as referred before, a loss of confidence of the members of the Board in Mr. Cabanillas. Those incidents are seriously enough to be included in this report.

Additionally, they could determine liability of the Director, and could avoid this Board of Directors issuing a favorable report in connection with his suitability as representative of Masampe S.L.

Notwithstanding the above said, this Board has taken into account that the only person that was identified by all the members of the Board (except Mr. Cabanillas), as a non-authorized person, was Mr. José Antonio Martínez Sampedro, Sole Director of Masampe S.L. According to the external legal

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advisors, Nominee Directors (and their representatives if they are Companies) may share (in certain circumstances) information they have received at the Board, with the shareholders who proposed them. This is also stated in the current SHA.

Therefore, despite the seriousness of Mr. Cabanillas' conduct, who eased the attendance to the Board, to a non-authorized person, without informing it to the rest of the members, and caused the loss of trust of the other directors, this Board decides not to raise objections to be representative of Masampe S.L. and concludes on the suitability of Mr. Cabanillas Alonso to continue holding office as representative of the Director of the Company.

#### **c) Availability**

It has been verified that the candidate is effectively available to devote the work necessary to hold office as nominee Director of the Company.

#### **d) Absence of incompatibility and conflict**

It has also been verified that the candidate is not included in any event of incompatibility, prohibition or conflict of interest of an ongoing nature impeding him from holding office adequately.

#### **e) Class of director**

Mr. Pío Cabanillas Alonso has been proposed as the representative of Masampe S.L., which holds 14,06% of the voting rights in the Company, and therefore is a Nominee Director.

### **9. PROPOSAL FOR RE-ELECTION OF DIRECTORS.**

Based on the abovesaid, the Board of Directors considers that Mr. Sorensen Valdez, Mr. Turner, Mr. Reganato, Mr. Lavelle, Mr. Martínez-Fidalgo Vázquez and Masampe S.L. (and its representative Mr. Pío Cabanillas Alonso) meet the requirements of honesty, suitability, experience, training and commitment to hold the position, not being involved in any cause of incompatibility, prohibition or conflict of interest and after the corresponding reports or proposals from the Appointment, Remuneration and Corporate Governance Committee, it is proposed to the General Shareholders' Meeting that all of them be re-elected as Directors of the Company for the statutory period of two years, and with the category indicated for each of them.

June 2020

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