

**ANNUAL REPORT OF ACTIVITIES
OF THE APPOINTMENTS, REMUNERATION AND
CORPORATE GOVERNANCE
COMMITTEE DURING 2020**

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REPORT OF THE OPERATIONS OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE DURING 2020

1.- PREAMBLE.-

The Good Governance Code of Listed Companies, states in its Recommendation 6 that:

“Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.*
- b) Reviews of the operation of the audit committee and the Appointments and remuneration committee.*
- c) Audit committee report on third-party transactions.*
- d) Report on corporate social responsibility policy”.*

Additionally, the Technical Guide 1/2019 on Appointments and Remuneration Committees, published on February 20th 2019, develops said Recommendation of the Code of Good Governance of listed Companies, in its section 11, and suggests that the annual report of the Appointments and Remuneration Committee contains certain information regarding, its regulation, composition, functions and tasks performed over the year, the meetings held during the year, the evaluation of its functioning, or its conclusions.

This Report of the operations of the Appointments, Remuneration and Corporate Governance Committee during 2020, has been prepared by the Committee, and approved at the Board meeting held on January 25 2021. The Appointments, Remuneration and Corporate Governance will propose to the Board that this Report will be published on Codere’s website well in advance of the annual general meeting.

Therefore, since 2015, and applying the best transparency principles in corporate governance, this Report is published on Codere’s website so the shareholders may consult it or request its free delivery.

2. - REGULATION OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE.

The regulation of the Appointments, Remuneration and Corporate Governance Committee of Codere S.A. is established in article 16 of the Board Regulation of Codere S.A.

Said article states that the Appointments, Remuneration and Corporate Governance Committee shall consist of at least three and no more than six members, designated by the Board of Directors, all of whom must be external Directors and at least two Independent Directors

Likewise, and in compliance with the Law, it is established that the Chairman of the Committee must be an Independent Director. The Appointments, Remuneration and Corporate Governance Committee will meet each time the Board of Directors or its Chairman requests the issuance of a report or the approval of proposals within the scope of its powers and whenever, in the opinion of the Chairman of the Committee or upon

request of any two of its members, it is convenient for the proper development of its purposes.

Lastly, the above provisions establish the main duties to be discharged by the Committee, its power to call any employee or executive and the regularity of its meetings, established to be held at least once every quarter.

3. - COMPOSITION OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE.

Within 2020 the Appointments, Remuneration and Corporate Governance Committee the composition of the Committee was:

Members	Class	Seniority on the Committee	Position	Knowledge or experience in Corporate governance / Human Resources / Senior management functions / Remuneration policies
D. Norman Sorensen ¹ Valdez	Independent	May 5, 2016	Chairman	✓
D. Matthew Turner	Independent	May 5, 2016	Member	✓
D. David Reganato	Nominee	May 5, 2016	Member	✓
Masampe S.L. (D. Pio Cabanillas Alonso) ²	Nominee	May 5, 2016	Member	✓

The composition of the Committee complies with the legal requirements and with article 16 of the Regulations of the Board, which states:

“The Appointments, Remuneration and Corporate Governance Committee, which also includes the characteristics and duties recommended by the Unified Code for Good Governance of listed companies for the Appointment and Remuneration Committee, will consist of at least three and a maximum of six members appointed by the Board of Directors. All Committee members will be External Directors and at least two of them must be Independent Directors.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee will be appointed from amongst the Independent Directors”.

Members of the Committee have as a whole, the necessary knowledge and expertise to perform their duties.

NORMAN RAUL SORENSEN VALDEZ.- has been a member of the Board of Directors of Codere since April 28, 2016. He is also currently a director of Encore Capital Group Inc. Previously, he has held positions at Principal International, American International Group and Citigroup. He received a Bachelor’s degree in chemistry from the United States Air

¹ Until May 2020, the Chairman of the Committee was Matthew Turner

² The seniority in the Committee is referred to the date of the appointment of the current natural person representative of Masampe S.L., although this company has been part of the Committee since June 10, 2010.

Force Academy in 1971 and a Certificate from Columbia University's Executive Program for International Managers in 1980. Mr. Sorensen Valdez currently serves as chairman of the Audit Committee and he was also appointed Chairman of the Board of Directors in January 2018.

MATTHEW C. TURNER.- has been a member of the Board of Directors of Codere since April 28, 2016. Mr. Turner also serves as Chairman of the Appointments, Remuneration and Corporate Governance Committee, Chairman of the Compliance Committee and member of the Audit Committee of Codere. He is also currently Director and member of Executive Committee of Arcapita Investment Advisors UK Limited. Mr. Turner served as Managing Director and Head of International Global Private Equity at Bank of America Merrill Lynch. Previously, he was a partner at Palamon Capital Partners. Prior to joining Palamon Capital Partners, he spent more than 15 years as an Investment Executive with PPM Ventures Limited, where he served as Group Development Director. Mr. Turner graduated from the University of Anglia in 1985 with an LL.B. degree and became qualified as an attorney in 1988.

DAVID A. REGANATO.- has been a member of the Board of Directors of Codere since April 28, 2016 and member of the Appointments, Remuneration and Corporate Governance Committee of Codere since then. Mr. Reganato serves as a Partner of Silver Point Capital, L.P. Mr. Reganato joined Silver Point Capital, L.P. in November 2002. Prior to joining Silver Point Capital, L.P., Mr. Reganato worked in the investment banking division at Morgan Stanley. Mr. Reganato received his B.S. in Finance and Accounting from New York University Stern School of Business in 2001.

PIO CABANILLAS ALONSO (on behalf of Masampe S.L.) has been member of the Board of Directors of Codere since April 28, 2016, and member of the Compliance Committee and of the Appointments, Remuneration and Corporate Governance Committee of Codere. From 2007 to 2016 he was the Chief Global Brand and Marketing Officer at Acciona S.A. From 2000 to 2002, he was appointed as the Government Spokesman to the Minister of Spain. Mr. Cabanillas Alonso received a degree from Universidad Complutense de Madrid in 1980 and a degree in international relations from Tufts University in 1986.

The Secretary of the Committee is the Secretary of the Board of Directors, pursuant to article 13.4 of the Board Regulation of "Codere, S.A."

The information on the members of the Appointments, Remuneration and Corporate Governance Committee may be found at corporate website www.grupocodere.com.

4. - FUNCTIONS AND TASKS PERFORMED DURING THE YEAR.

According with art. 16 of the Regulations of the Board of Codere S.A., the Appointments, Remuneration and Corporate Governance Committee hold at least the following competences:

"Without prejudice to any other task assigned by the Board of Directors, the Appointments, Remuneration and Corporate Governance Committee will have the following competences:

- (a) To examine compliance with the Internal Rules of Conduct in relation to Securities Markets and to make the necessary proposals for improvement, as well as to ensure compliance with any corporate governance rules applicable in the matter.*
- (b) To present to the Board, for its approval, the Annual Corporate Governance Report and Report on Directors' Remuneration Policy.*

- (c) *To make the proposals foreseen in these Regulations, with respect to remuneration of the members of the Board of Directors.*
- (d) *To evaluate the competences, knowledge and experience required of the Board and, consequently, to define the necessary duties and skills for any candidates to each vacancy and to evaluate the time and dedication required to adequate exercise its tasks; to regularly evaluate the adequacy of the company's corporate governance system, taking into account the company's corporate interest and the legitimate interests of the different target groups.*
- (e) *To make proposals to the Board in relation to its duties (for appointment or proposal), regarding the composition of the Board and its Committees and particularly with respect to the appointment of independent directors by co-option, or to be proposed to the General Shareholders Meeting, as well as proposals with regards to the re-appointment or removal of such directors by the General Shareholders Meeting. To inform of any proposals for appointment of all other directors for their Appointments 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.*
- (f) *To inform of any appointments and removals of senior executives proposed to the Board by the leading executive.*
- (g) *To inform the Board, as necessary, of any issues on gender diversity foreseen in Article 1.12.*
- (h) *Draw up a proposal to the board on the remuneration of the executive directors, separate to that received as directors in accordance with the articles of association, and on the other terms of their agreements; consider and organize the succession of the board chairman and of the Company's chief executive, and propose a succession plan to the board which ensures, where necessary, that this takes place on the terms arranged.*
- (i) *To propose to the Board a general remuneration policy for senior executives of the Company or its subsidiaries or investee companies, as well as the basic terms of senior executive contracts.*
- (j) *To establish guidelines and supervise any steps taken as regards the appointment, selection, career, promotion and dismissal of executives in order for the Company to have the necessary highly qualified staff for its management.*
- (k) *To make proposals to the Board and to prepare an examination of the matters it should be aware of, in those matters not specifically entrusted to another Committee, if deemed necessary.*
- (l) *Establish a target for representation of the under-represented gender on the board of directors and develop guidance on how to achieve the goal.*
- (m) *Propose to the Board of Directors the remuneration policy for directors and general managers and those who perform senior management functions under the direct supervision of the board or the CEO, as well as the individual remuneration and other contractual conditions of executive directors and ensuring compliance therewith.*
- (n) *To monitor and review the Company's corporate social responsibility policies and practices, proposing any amendments in its structure and development to the Board of Directors required to ensure its focus on creating value. Periodically evaluating the degree of compliance with such policies and practices.*
- (o) *Coordinating the reporting process with respect to non-financial and diversity information, and generally, information of any kind as long as it does not concern matters within the specific duties of another Committee".*

As mentioned in the Technical Guide 1/2019 of Appointments and Retributions Commissions approved by the C.N.M.V, one of the key aspects of the Corporate Governance for listed companies is that the Appointments and Remuneration Committee

has as essential competencies the selection, appointment and the retribution system of Directors and Senior Managers.

Thus the main tasks which have been discussed and analyzed by the Committee within 2020, may be divided in these main areas:

4.1. COMPOSITION OF BOARDS, COMMITTEES AND DIRECTORS REMUNERATION.

- a) To make proposals to the Board in relation to its duties (for appointment or proposal) regarding the composition of the Board and its Committees, as well as proposals for re-election or separation of Directors (art. 16.2.e. Regulations of the Board):**

Within 2020 the Committee has worked in this issue in several meetings.

First of all, and due to the near expiration of the positions of the six Directors of the Board, the Committee approved the report on the needs of the Board of Directors as stated in the Directors Selection Policy and, submitted it for the approval of the Board of Directors. Later, it proposed the re-election of the Independent Directors, Mr. Sorensen Valdez and Mr. Turner, after reviewing the skills, knowledge and experience that each of them provided to the Company and its Group. In this same proceeding, the Committee also carried out the requested by law, prior favorable reports, for the re-election of the nominee Directors Mr. Reganato, Mr. Lavelle, Mr. Martínez-Fidalgo Vázquez y Mr. Cabanillas Alonso.

Secondly, the Committee reviewed in several meetings within 2020, the request sent by certain shareholders to proceed with the appointment of two nominee directors of CODERE S.A., resolving not to inform favorably to the Board of Directors about those appointments.

Finally, the Committee also analyzed the request made by the shareholder Masampe S.L, to propose to the General Shareholders Meeting the termination of those Directors members of the Audit Committee, that is, Mr. Sorensen Valdez, Mr. Turner y Mr. Lavelle. The Committee approved to submit to the Board an unfavorable report about such terminations

- b) Propose to the Board of Directors the Remuneration Policy for Directors (art. 16.2.m. of the Regulations of the Board of Directors) and make proposals regarding the compensation of the members of the Board of Directors (art. 16.2.c. of the Regulations of the Board of Directors):**

The uncertainties caused by the sanitary crisis of COVID-19 and the special circumstances of litigation that the Company lives, has caused in 2020 that the entity was unable to subscribe or renew under reasonable conditions of coverage and economic costs, the D&O liability policies of Directors and officers.

This situation caused that the Committee, despite having been approved the Directors Remunerations Policy in 2019, resolved at its meeting held in June, to propose its amendment to the Board of Directors, in order to allow the Company to provide liability coverage to its Directors, excluding from that coverage, fraudulent actions or those in detriment of the Company. Likewise, it was also proposed that the Remuneration Policy distinguished the maximum annual remuneration of the Directors in their capacity as such and the maximum annual remuneration of eventual payments in the case of use of the liability coverage above mentioned.

In addition, at the meeting held in December 2020, the Committee proposed to the Board, to remunerate Directors Mr. Manuel Martínez-Fidalgo Vázquez y Mr. Matthew Turner for their positions within 2020, as Directors of the subsidiary Codere Finance 2 (UK) Ltd. The Committee considering the higher level of work and responsibilities that such positions imply, agreed to propose to the Board that each of them receive ten thousand euros per month, capped at fifty thousand euros per year as established in the Remuneration Policy of Codere.

c) Propose to the Board the Report on the Directors Retributions Policy:

The Committee at the meeting held on February 2020, analyzed the report on the Directors Retribution Policy, and agreed to propose to the Board its approval, for its publication and voting at the General Shareholders Meeting

4.2. SELECTION, APPOINTMENT AND REMUNERATION OF SENIOR MANAGERS

a) Supervise the actions related to appointment, career development, promotion and Directors dismissal (art.16.2.j of the Board Regulation):

Within 2020 the Committee has proceeded to internally evaluate the performance of the CEO and having been favorable, it has proposed to the Board of Directors the continuity of its provision of services to the Company.

In addition, the Committee has favorably informed the appointment of the Secretary of the Board as the Legal Advisor of the Board of Directors, and has supervised the termination of the Head of Legal and Compliance.

b) Propose to the Board the General Policy for Senior Managers Remuneration and its subsidiaries and investees, as well as the basic conditions of the contracts of Senior Managers (art.16.2.i of the Board Regulation):

The Committee has discussed this matter on two occasions during FY 2020 analyzing and informing favorably to the Board on the amendment of the Long Term Incentive Plan approved by the Board on June 29, 2017, in order to encourage the retention and permanence of the talent in the Company and its Group, with the General Manager and members of the Senior Manager being among its beneficiaries.

This Plan was subsequently approved by the Board, and duly informed to the C.N.M.V through the corresponding Other Relevant Information.

4.3. OTHERS CORPORATE GOVERNANCE MATTERS

a) Annual Assessment of the Board, its Committees and the Chairman of the Board and proposal and tracking of the Action Plan that correct the deficiencies detected (art. 12 of the Board Regulation):

Within 2020 the Committee has proceeded to approve the evaluation report of the Board and its Committees on FY 2019, as well as, the action plan for improvement for 2020, which would correct the deficiencies detected, agreeing to submit to the Board the results of the self-evaluation, also proposing the approval of the Action Plan.

b) Miscellaneous matters within the competence of the Committee:

Finally, the Committee has studied, analyzed and discussed about others matters within FY 2020:

First, the Committee analyzed to submit to the approval of the Board the Annual Report of Corporate Governance correspondent to FY 2019, in accordance with the art. 16.2 c) of the Regulations of the Board of Directors.

In addition, within 2020, the Committee has analyzed and informed to the Board, about the document of non-financial information that must be included as a part of the annual accounts of the Company, and also the Integrated Report correspondent to 2019, following for its preparation the principles of the conceptual framework IIRC (the International Integrated Reporting Council), as well as, the guide to carry out the sustainability report of Global Reporting Initiative (GRI Standards) and the guidelines about the presentation of non-financial report of the European Commission (2017/C215/01) derivate from Directive 2014/95. For its preparation Landwell-PricewaterhouseCoopers Tax & Legal Services S.L. was engaged.

Lastly, the Committee has monitored and supervised in two occasions within 2020, the development of the services provided by Jusvil S.A., a company related with the General Manager.

5. - NUMBER OF MEETINGS HELD IN THE YEAR AND NUMBER OF ATTENDEES, INCLUDING WHETHER OR NOT NON-MEMBER GUESTS WERE INVITED.

In FY 2020, the Appointments, Remuneration and Corporate Governance Committee held a total 11 meetings.

100% of the members of the Appointments, Remuneration and Corporate Governance Committee attended those meetings throughout the year, with the exception of the meeting held on December where Mr. Cabanillas was unable to attend, without granting its representation to any of the other Directors.

In addition, within FY 2020 several members of the management of the Company, have attended the Committee as guests:

- General Manager of the Group
- General Counsel;
- Head of Human Resources;
- CFO;
- Manager of Corporate Communication.

Likewise, the PWC team, responsible of the development of the Integrated Report of Codere Group according to the guidelines of the Global Reporting Initiative to comply with the Law 11/2018 on non-financial information and diversity, has attended to the meetings in one occasion.

6. - EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE APPOINTMENTSS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE; METHODS TO APPRAISE ITS EFFICACY

On an annual basis, as established by law, the functioning of the Board of Codere S.A. and of its committees is evaluated.

This evaluation is carried out without an external consultant, by the directors completing a form that contains eight questions on the functioning of the Committees, in addition to a section containing questions on the performance and contribution of each director, giving special attention to the Chairmen of the various board committees.

7. - NATIONAL OR INTERNATIONAL PRACTICAL GUIDES FOLLOWED BY THE COMMITTEE.

The preparation of this annual report of the Appointments, Remuneration and Corporate Governance Committee has been carried out based on the recommendations contained in Technical Guide 1/2019 on Appointments and Remuneration Committees prepared by the National Securities Market Commission (CNMV).

Some of the other recommendations of this Guide are followed by the Appointments, Remuneration and Corporate Governance Committee of Codere S.A., among which we can mention, the performance of certain competencies with regard to Senior Management, the review or verification of information on remuneration of the board that the company has to publish, or the participation of this Committee in the amendments of the Regulations of the Board of Directors.

8. - CONCLUSIONS

Within FY 2020, which is the subject of the current report, the Appointments, Remuneration and Corporate Governance Committee has developed its powers in a regular and interference-free manner, applying the external and internal regulations in force.

To carry out its tasks, the Appointments, Remuneration and Corporate Governance Committee has been supported by the General Counsel, the Head of Human Resources and others, developing adequately its functions.

Members of the Appointments, Remuneration and Corporate Governance Committee consider that those functions, included in the Regulations of the Board of Directors, have been successfully fulfilled within 2020, focusing on its competences in relation with the composition of the Board of Directors, its remuneration, other tasks related with Corporate Governance.

9. - DATE OF PREPARATION OF THE REPORT BY THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE AND OF ITS APPROVAL BY THE BOARD OF DIRECTORS

This report has been prepared by the Appointments, Remuneration and Corporate Governance Committee at its meeting of February 25, 2021, and is expected to be approved at the meeting to be held on the same date by the Board of Directors, resolving its publication in the corporate website, sufficiently in advance of the date of the Annual Shareholders' Meeting.

Madrid, February 25, 2021