

# **ANNUAL REPORT OF THE NOMINATIONS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE OF NH HOTEL GROUP, S.A. FOR THE YEAR 2020**

## **1.- Introduction**

The Nominations, Remuneration and Corporate Governance Committee of NH Hotel Group, S.A. issues this Report on the action of the Committee and compliance of its goals during the year 2020 (hereinafter the “**Report**”).

The object of the Report is to give an account of the activity carried out by this Committee to the Board of Directors, in accordance with the provisions of Recommendation 6 of the Code of Good Governance for Listed Companies (hereinafter “**Code**”), approved by a Resolution of the Board of the CNMV dated February 18<sup>th</sup>, 2015.

The composition, competence and operation of the Nominations, Remuneration and Corporate Governance Committee are regulated in article 47 of the Company’s Bylaws and article 26 of the Board Regulations, that have recently been amended by the Board of Directors of 22 December 2020 for the purpose of adapting its contents to the reform of the Code of Good Governance approved by the Stock Market Commission (CNMV) on 26<sup>th</sup> June 2020.

## **2.- Composition of the Nominations Committee**

As of December 31<sup>st</sup>, 2020, the composition of the Nominations, Remuneration and Corporate Governance Committee was as follows:

Chair: Mr. José María Cantero de Montes-Jovellar (Independent)

Members: Mr. Stephen Chojnacki (Proprietary)  
Mr. Alfredo Fernández Agras (Independent)

Secretary: Mr. Carlos Ulecia Palacios

The composition indicated above is the result of the changes made during fiscal year 2019 and that were duly reported in the Annual Report of this Commission of that year.

The composition is compliant with the requirements established in the Spanish Companies Act with regard to the composition and qualification are met, as it establishes that the Committee will be made up of a minimum of three and a maximum of six

Directors, and is to be comprised exclusively of non-executive Directors appointed by the Board of Directors, and at least two of its members must be Independent Directors.

### **3.- Competences**

The Nominations, Remuneration and Corporate Governance Committee is governed by the functions attributed to it by both ruling legislation and the Company's Bylaws and the Board Regulations, which comprise at least the following competences:

1. Evaluate the necessary competence, knowledge and experience on the Board of Directors. For these purposes, it will define the functions and aptitudes necessary in the candidates who are to cover each vacancy and will evaluate the time and dedication required to carry out their undertaking efficiently.
2. Establish a representation target for the least-represented gender on the Board of Directors and draw up guidelines on how to reach that target.
3. Submit proposals to the Board of Directors for the appointment of independent directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, together with proposals for the re-election or removal of such Directors by the General Shareholders' Meeting.
4. Report on the proposals for the appointment of the other Board members for appointment by co-optation or to be submitted to the decision of the General Shareholders' Meeting, together with proposals for their re-election or removal by the General Shareholders' Meeting.
5. Report on the proposals for the appointment and removal of senior executives and the basic conditions of their contracts.
6. Examine and organize the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the company and, as the case may be, submit proposals to the Board of Directors so that the aforementioned succession can take place in an orderly and planned manner.
7. Propose to the Board of Directors the remuneration policy for Directors and general managers or whoever carries out their senior management functions directly depending on the Board, Executive Committees, or Managing Directors, as well as the individual remuneration and other contractual conditions of Executive Directors, ensuring that the policy is followed.
8. Supervise and control the fulfilment of the rules of the corporate governance and the politics and plans of the social corporate responsibilities, proposing to the Board all Reports that may be necessary, also ensuring that the corporate culture is aligned with its purpose and values.
9. Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other interest groups. Likewise, the way in which the entity communicates and relates to small and medium shareholders will be monitored.
10. The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order for them to fulfill

their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders

11. Supervising that society's practices in environmental and social matters are in line with the established strategy and policy.
12. The supervision and evaluation of the relationship processes with the different stakeholders

All the actions carried out by the Nominations, Remuneration and Corporate Governance Committee will be reported to the Board of Directors at the first meeting held by the Board, and the corresponding documentation shall in any case be made available to the Board so that it can be informed of such actions in order to carry out its duties.

#### **4.- Operation**

The Nominations, Remuneration and Corporate Governance Committee will meet as often as the Chairman considers appropriate, or when requested by two of its members with voting rights or the Board of Directors.

Furthermore, members of the Board of Directors who are not members of the Committee may attend the meetings of the Nominations, Remuneration and Corporate Governance Committee occasionally, at the Committee Chairman's invitation.

#### **5.- Activities carried out during 2020**

The Nominations, Remuneration and Corporate Governance Committee met 5 times in 2020 to discuss the following matters:

- Review and approval of the remuneration of the Board and Senior Management.
- Examination, verification and approval of the Annual Reports for 2019: (a) Annual Corporate Governance Report, (b) Annual Report of the Nominations and Remuneration Committee, (c) Annual Remuneration Report, (e) Corporate Social Responsibility Report.
- Revision of CEO's salary
- Evaluation and approval of the annual variable remuneration for the CEO and CFO for the results obtained in 2019.
- Approval of the objectives linked to the annual variable remuneration for 2020 of the executive Directors.
- Information of del CEO to this Commission regarding liquidation of variable remuneration 2019 of the Management Team, as well as the targets linked to annual variable remuneration 2020.

- Proposal and approval of the liquidation of first cycle of the second Plan of long term variable remuneration, with accrual period commencing 1st January 2017 ending 31st December 2019.
- Proposal of maximum amount of remuneration to be paid to non executive Directors up to 800.000 euros.
- Proposal of designation of Mr. Rufino Pérez as new executive Director and approval of its mercantile contract.
- Evaluation of the Board of Directors. Following the mandate contained in Article 529 *nonies* of the Spanish Companies Act, and in Recommendation 36 of the Code of Good Governance of Listed Companies. Once again the Committee has received the collaboration of an external advisor, making the entire process more transparent and objective.
- Approval of reports on the renewal, ratification and appointment of Directors.

Madrid, February 23<sup>st</sup>, 2021