Directors' Remuneration Policy

NH Hotel Group, S.A.

INTRODUCTION

This document contains the Directors' Remuneration Policy of NH Hotel Group, S.A., (hereinafter referred to as "**NH**", the "**Company**" or the "**Group**"), which will be submitted for approval by the General Shareholders' Meeting held in 2023 as a separate item on the agenda, (hereinafter referred to as the "Policy"), and that will replace the current Directors' Remuneration Policy approved by the General Shareholders' Meeting held on 12 May 2021. This Policy will come into force on 1 January 2024 and will remain valid until 31 December 2026, notwithstanding the adaptations or updates that, if any, could be made by the Board of Directors pursuant to the provisions therein and the modifications that could be approved by the General Shareholders' Meeting of NH from time to time.

The Policy, along with the date and result of the ballot, will be accessible on NH's website as of its approval and at least while it remains in force.

The Remuneration Policy contains the following sections:

Remuneration Policy Sections	
1.	Principles of the Remuneration Policy.
2.	Summary of the main changes.
3.	Remuneration Policy for the Executive Directors.
4.	Remuneration Policy for the Directors in their positions as such.
5.	Applicable Remuneration Policy for new directors.
6.	Process for determining, reviewing, and implementing the Remuneration Policy.
7.	The consideration of the remuneration terms and conditions for all the employees and the perspective for the executive team
8.	Action taken to align the Remuneration Policy to the Company's targets, values and long-term interests.
9.	Term

1. PRINCIPLES OF THE REMUNERATION POLICY

The aim of NH's Remuneration Policy is to reward the commitment, responsibility and talent of our employees, always taking into consideration the financial environment, the Company's results, the Group's strategy and best market practices.

The new Remuneration Policy includes the following principles of the previous Remuneration Policy:

Principles
Alignment with the investors The design of the Directors' Remuneration Policy is regularly reviewed to ensure it is in line with achievement of results and creation of value for the shareholders.
Proportionality The remuneration must be suitably in proportion to the Company's features and business model.
Balance There must be a balance in the directors' remuneration between the various components of the remuneration.
Suitability The Remuneration Policy for the directors, in their positions as such, is adapted to the composition of the Board and the amounts are sufficient to remunerate their qualifications, commitment and responsibility, ensuring due loyalty and involvement with the Company, but without its members' independence being compromised.
Non-discrimination NH's Remuneration Policy will respect non-discrimination due to gender, age, culture, religion or race.
Alignment with the strategy The Directors' Remuneration must be in accordance with the Group's strategy, including such remuneration components that may be necessary for such purpose. Furthermore, it must contribute to the Company's long-term sustainability and interests.
Transparency The information on remuneration is in line with Corporate Governance best practices.

The Appointment, Remuneration and Corporate Governance Committee, (hereinafter referred to as the "**ARCGC**"), with support from the Sustainable Business department, will review the Directors' Remuneration Policy on an annual basis to check that it contributes to the business strategy along with the Company's long-term sustainability and interests.

2. SUMMARY OF THE MAIN CHANGES

This new Policy is a continuation of the policy in force, which was approved by the General Shareholders' Meeting held on 31 March 2022 with 99.95% of the votes in favour.

The ARCGC has conducted an analysis of the Policy, bearing in mind the votes of the last annual directors' remuneration reports and the internal and external factors included in the following table:

External factors

- The legal requirements.
- General corporate governance regulations and recommendations at a national and international level.
- Market practices in comparable sectors and companies and market trends in general terms.

Internal factors

- The results achieved in the previous financial years.
- The short- and long-term strategic priorities.
- Alignment with the design of the remuneration system for the executive team and all the employees.

This new Policy is adapted to the current governance structure of the Board of Directors where three members thereof perform executive duties. Moreover, the relevant amounts for the Fixed Remuneration are updated after the increases applied in the financial year 2023. When approving this increase, according to a proposal made by the ARCGC, the Board of Directors has considered that the increases are in line with those applied to the staff in general, as well as the Company's financial recovery and quality ratios, which have exceeded pre-pandemic revenue. Moreover, the maximum levels of the Short-Term Variable Remuneration (hereinafter referred to by its initials STVR) and the Long-Term Variable Remuneration (hereinafter referred to by its initials LTVR) (150% of the target amount) have been standardised, even though in 2023 the maximum STVR amounts to 130% and the maximum LTVR to 150% of the target amount.

3. REMUNERATION POLICY FOR THE EXECUTIVE DIRECTORS:

3.1 Overview of the main remuneration components

In addition to the fixed remuneration components (Fixed Remuneration and Remuneration in Kind), a significant part of the total remuneration of the directors who perform executive duties is linked to the short- and long-term results obtained by NH.

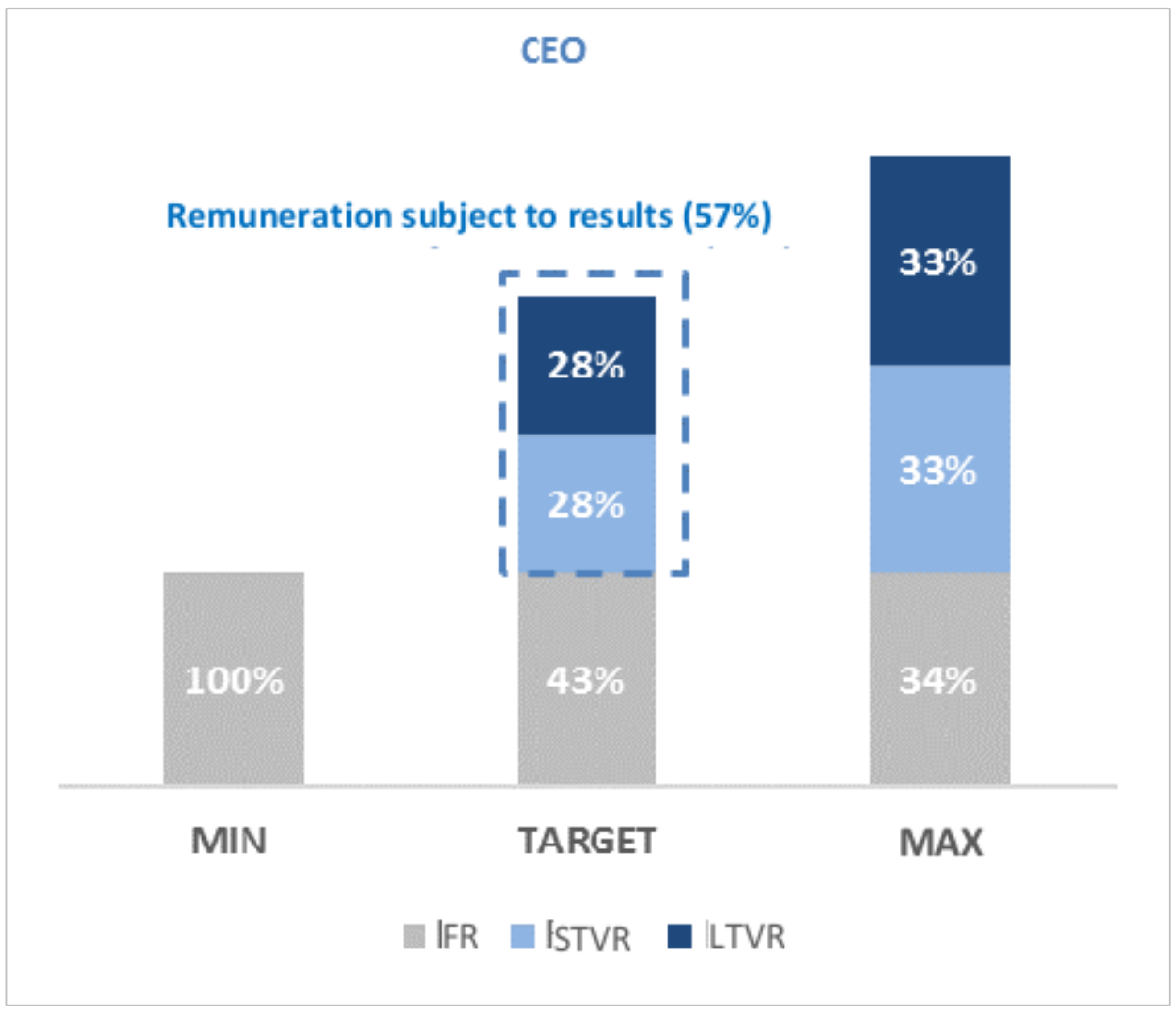
In this respect, the Remuneration Policy provides a reasonable balance between the aforementioned fixed and variable components that expresses a suitable undertaking of risks combined with achieving the short- and long-term targets linked to creating sustainable value.

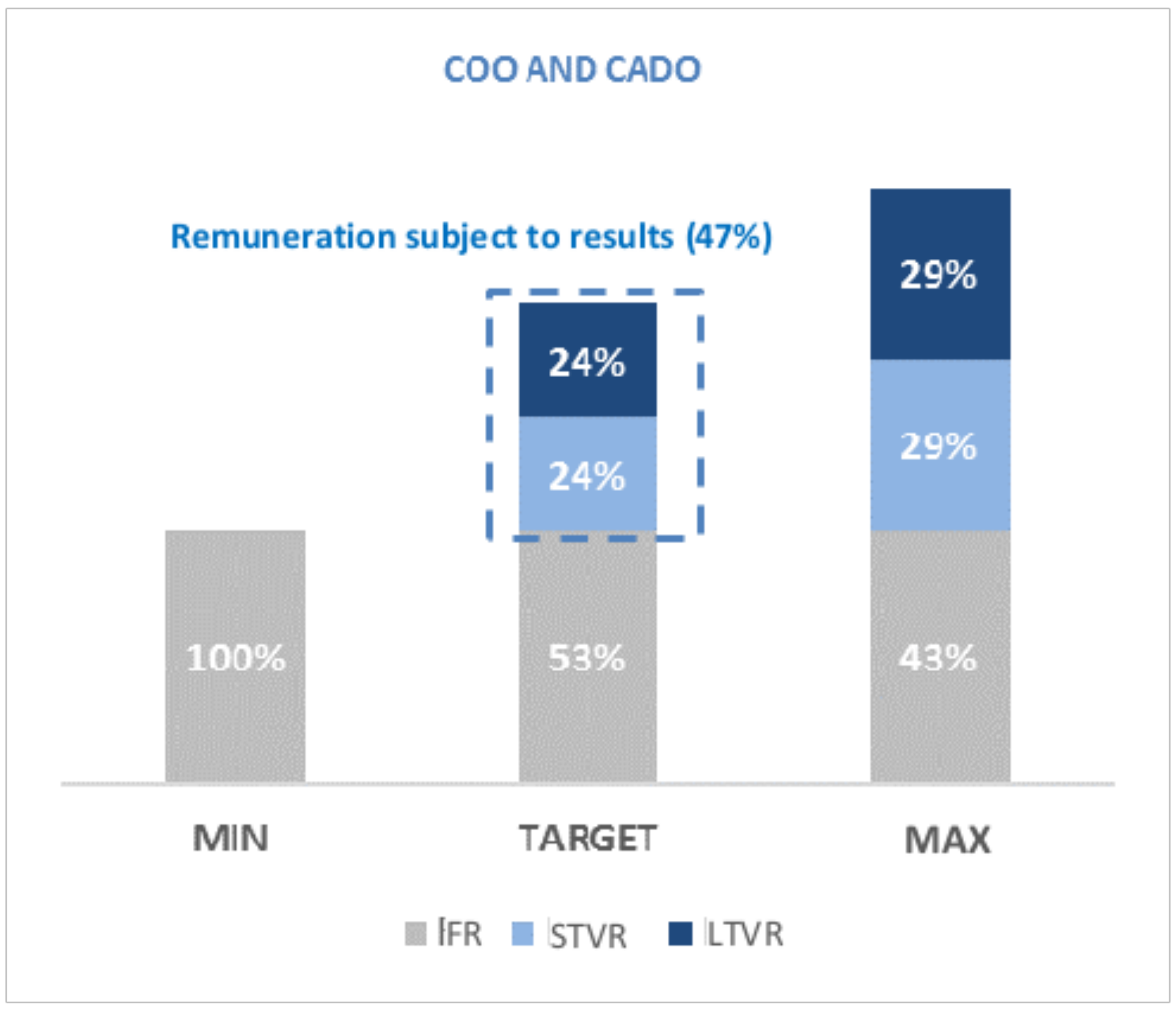
	Fixed Remuneration (FR)*	Short-Term Variable Remuneration (STVR)			Long-Term Variable Remuneration (LTVR)		
		Minimum	Target	Maximum	Minimum	Target	Maximum
Chief Executive Officer **(CEO)**	€735,000	0% FR	65% FR	150% Target	0% FR	65% FR	150% Target
Chief Operations Officer **(COO)**	€420,000	0% FR	45% FR		0% FR	45% FR	
Chief Assets & Development Officer **(CADO)**	€367,500	0% FR	45% FR		0% FR	45% FR	

*In addition, the Executive Directors may be beneficiaries of certain remuneration in kind.

3.2 Executive Directors' pay mix

The Executive Directors' pay mix is shown below, bearing in mind the various situations for achieving the targets to receive the variable remuneration. The graphs specify the weight of the various remuneration components (fixed remuneration and short-term variable remuneration and long-term variable remuneration) in relation to the total remuneration:





3.3 Details of the Executive Directors' remuneration components:

The components included in the Executive Directors' remuneration package are as follows:

Fixed Remuneration	
Purpose: *To reward them, taking into account their senior management duties.* *The Executive Directors' fixed remuneration is determined according to their: (i) Responsibility, (ii) Experience and Individual Contribution, (iii) Internal and External Fairness.*	
Amount	**Functioning**
The maximum overall limit of fixed remuneration for all the Executive Directors will be €1,850,000 per annum during the valid term of this Policy. Notwithstanding the foregoing, on the date this Policy is drawn up, the Fixed Remuneration assigned to each of the Executive Directors is for the following amounts: • CEO: €735,000. • COO: €420,000. • CADO: €367,500.	Any salary adjustment during the term of the Policy must be approved by the Board of Directors. Such adjustment will take into account the company's financial situation, objective criteria depending on the level of responsibility undertaken from time to time and market comparability. Any update according to the terms described must always be justified by the ARCGC and will be duly reported in the relevant Annual Report on the Directors' Remuneration.

Remuneration in kind
Purpose: *To offer a competitive remuneration package in line with market practices.*
Functioning
The Executive Directors can be beneficiaries of certain remuneration in kind that includes, among others, a health insurance policy for them and their first-degree relatives, a life insurance policy, an accident insurance policy and a company car. The specific amounts of the remuneration in kind are listed in the Annual Report on the Directors' Remuneration.
It is not planned for the Company to grant them any other benefits, credits, advance payments or guarantees.

<table>
<tr><th colspan="2">Short-Term Variable Remuneration (“STVR”)</th></tr>
<tr><td colspan="2">Purpose: To reward the performance of a combination of pre-determined specific financial, business operation and non-financial targets, including ESG targets, aligned with NH’s strategic objectives.</td></tr>
<tr><th>Limits and Metrics</th><th>Functioning</th></tr>
<tr><td>
Target STVR:
CEO: 65% of the Fixed Remuneration.
COO and CADO: 45% of the Fixed Remuneration.
These amounts are obtained if 100% of the pre-determined targets are achieved.
Maximum STVR:
150% of the Target:
CEO: 97.5% of the Fixed Remuneration.
COO and CADO: 67.5% of the Fixed Remuneration.
These amounts are reached when the pre-determined targets are achieved at the maximum level.
Metrics
The remuneration is linked to achieving a combination of pre-determined specific economic-financial, creation of value and non-financial targets. Furthermore, by performance assessment, the Company's sustainability is promoted with an assessment of the form and procedures apart from the results.
The economic-financial and creation of value targets may include, for example, EBITDA, Net Recurring Profit, Income, return and/or cost efficiency metrics at the NH Group’s level. In addition, indicators may be included linked to the executive director’s post, among which are Income, EBITDA, ESG (Environmental, Social and Governance) metrics or other strategic indicators.
Moreover, a part of the STVR may be linked to an assessment of individual performance.
</td><td>
The ARCGC is responsible for proposing the targets at the start of each financial year and for proposing assessment of their achievement at the end of the year. This assessment is conducted on the basis of the audited results and the level the targets are achieved. After the analysis, the ARCGC determines a bonus proposal which is subject to approval by the Board of Directors.
The achievement scale, set at the start of each financial year, includes a minimum threshold below which no incentives are paid, a target level, which corresponds to 100% achievement of the targets and a maximum level, all of which are specific for each metric.
To calculate the amount of variable remuneration, the level of achievement of each of the targets is taken into account and the internal rules and procedures are applied for assessing the targets, as set out by the Company for its executives.
Furthermore, the Company may determine additional correction factors that limit the maximum amount payable as STVR. If appropriate, these correction factors will be linked to economic-financial metrics.
Any economic effects, whether positive or negative, arising from extraordinary events that could cause distortions in the assessment results will be eliminated and the quality of the results in the long-term and any associated risk will be considered in the variable remuneration proposal.
The STVR is fully paid in cash during the first three months of the year after the accrual of the variable remuneration.
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<table>
<tr><th colspan="2">Long-Term Variable Remuneration ("LTVR")</th></tr>
<tr><td colspan="2">Purpose: To reward achievement of NH's strategic targets in the long-term and creating sustainable value for the shareholders.</td></tr>
<tr><th>Limits and Metrics</th><th>Functioning</th></tr>
<tr><td>
Target LTVR:

CEO: 65% of the Fixed Remuneration.
COO and CADO: 45% of the Fixed Remuneration.

These amounts are obtained if 100% of the pre-determined targets are achieved.
Maximum LTVR:
150% of the Target:

CEO: 97.5% of the Fixed Remuneration.
COO and CADO: 67.5% of the Fixed Remuneration.

These amounts are reached when the pre-determined targets are achieved at the maximum level.
Metrics
Internal metrics based on economic-financial targets (for example, EBITDA and Net Recurring Profit, etc). At the start of each LTVR cycle, the ARCGC may propose adding other kinds of targets for creation of value for the shareholders (for example Total Return for Shareholders), non-financial targets and/or related to ESG issues.
</td><td>
The multi-year performance period will, in general terms, be three years.

The LTVR may be paid in cash and/or include shares, stock options or remuneration rights linked to their value, as long as the targets set out for such purpose are achieved. When shares are provided, they will be subject to a holding period of at least one year.

In order to calculate the payment coefficient achieved for each target achievement level, an achievement scale will be set for each of the metrics, which will include a minimum threshold below which no incentives are paid, and a maximum level, in the event that achievement of the targets is exceeded.

The ARCGC will regularly monitor the targets and, once the target assessment period ends, it will propose the level of achievement. In order to conduct this assessment, the Committee is supported by the Finance Department and the Audit and Control Committee, which provide information about the audited results. The Committee will also take any associated risk into account when setting the targets and assessing their achievement.

When determining the target achievement level, any economic effects, whether positive or negative, arising from extraordinary events that could cause distortions in the assessment results will be eliminated.

The features of the LTVR cycles in force from time to time will be explained in the Annual Report on the Directors' Remuneration.
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3.4 Ex-post adjustments to Executive Directors' remuneration

In the event that certain circumstances occur that show the targets have not been achieved, even if *a posteriori*, according to a proposal made by the ARCGC, the Board may claim the return of all or part of the LTVR already paid (claw-back). These clauses will be applicable to all the Beneficiaries and will be applicable for two years, counted from the date the Measurement Period ends. Specifically, repayment of the LTVR already paid may be required in the following cases, among others:

i. If the Company's financial statements are redrafted not due to the amendment of applicable accounting standards or interpretations.

ii. A fine is imposed on the Executive Director due to serious breach of the code of conduct and other applicable internal regulations.

iii. When the settlement and payment of the incentive was partially or fully based on information that is clearly shown *a posteriori* to be seriously false or inaccurate.

In addition, the ARCGC may propose adjustments to the criteria, thresholds and limits of the STVR and LTVR remuneration components to the Board of Directors if there are exceptional circumstances caused by extraordinary factors or events, whether internal or external. The details and justification for such adjustments will be included in the relevant Annual Report on the Directors' Remuneration.

3.5 The Executive Directors' contractual terms and conditions

The contracts of the Executive Directors are of a commercial nature and have been proposed by the ARCGC and approved by the Company's Board of Directors. A summary of the main terms and conditions of such contracts is shown below:

<table>
<tr><th>Description</th></tr>
<tr><td>Term: The Executive Directors' contracts are permanent.</td></tr>
<tr><td>Prior Notice: The Executive Directors must give at least two-months' prior notice of their decision to end their commercial relationship with NH and may choose to resume their ordinary employment relationship again.</td></tr>
<tr><td>Exclusivity and non-competition: During the period they render the services covered by their current contract, they may not carry out the following actions without the Company's prior consent:
CEO:
• Render services, enter into a service relationship of any kind, act as an Executive, provide consulting services and/or be a Director in any other company.
• Hold a direct or indirect stake of any kind in companies with activities that are in competition with or are similar or related to the Company's activities or that are NH's suppliers and/or customers. This condition will remain in force for twelve months after termination of the commercial or employment contract between them and NH, whatever the reason may be for such termination. The gross fixed annual salary of the Lead Executive already includes compensation for the non-competition commitment.
This condition will remain in force, in the case of the CEO, until twelve months have elapsed after the termination of his commercial or employment contract with NH, whatever the reason may be for such</td></tr>
</table>

termination.

COO and CADO:

- To carry out work or acquire holdings of any kind, directly or indirectly, in another business, profession or occupation that is in direct competition with the Company's activity. Part-time teaching activities are excluded from this obligation.

Compensation

CEO:

- He is not entitled to receive any compensation for stepping down from office or for termination of his commercial relationship.
- Nevertheless, the terms and conditions regulating his suspended employment relationship stipulate that the period of time the Executive Director maintains his commercial relationship will be acknowledged as seniority for the purpose of possible severance pay due to termination of his employment relationship.

  In this respect, once the commercial relationship has been terminated, the employment relationship that was in force between the Company and the Executive Director will be resumed until he takes up his new position, unless he is ruled to have committed gross and wilful breach of contract by the courts.
- If, at the time of termination of his commercial relationship and, apart from the aforementioned exception, the company refuses to reinstate the Executive Director in his previous employment relationship, this fact will be considered unfair dismissal. In such case, the Executive Director will be entitled to receive the relevant severance pay according to applicable labour regulations. In order to calculate the severance pay, the compensation basis will be determined according to the full salary paid and received thereby over the twelve months prior to the termination including, if any, the amount paid and received in his position as Executive Director.
- If the termination of the labour relationship is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court, all rights to receive any kind of severance pay will be deemed null and void.

COO:

- The COO is not entitled to receive any severance pay whatsoever if the Company decides to terminate his contract by virtue of a resolution adopted by the General Shareholders' Meeting or the Board of Directors that implies the COO being dismissed from his post as Executive Director; however his seniority in his position in the previous employment relationship between the parties is acknowledged for all purposes (even for the purpose of the severance pay that could be applicable in the event of termination), which will be resumed after the aforementioned termination of the commercial relationship.
- If the Company refuses to reinstate the COO in his previous employment relationship, the COO will be entitled to receive severance pay, according to the applicable labour regulations, and his acknowledged seniority, the Company undertaking to pay him severance pay at least equivalent to one year of his fixed salary and the last variable remuneration he received. In order to calculate the severance pay that could be received by the COO in the event of termination of his ordinary employment relationship, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.
- However, if the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court, the COO will not be entitled to receive any severance pay whatsoever.

CADO:

- The Executive Director is not entitled to receive any severance pay whatsoever due to her dismissal as a director by virtue of a resolution adopted at the General Shareholders' Meeting or the Board of

Directors, due to her resignation, mutual agreement or because her term of office has expired.

- However, her seniority in the post will be acknowledged for all purposes (even for the purpose of the severance pay that could be applicable in the event of dismissal) in the previous employment relationship between the parties, which will be resumed after the aforementioned termination of the commercial relationship, unless the termination of the commercial relationship between the parties is due to serious and wilful breach of the Executive Director's essential obligations and this is ruled by the competent court.
- If, at the time of termination of the commercial contract (and apart from the aforementioned exception), the company refuses to reinstate the CADO in her previous employment relationship as Chief Asset and Development Officer, this fact will be considered unfair dismissal and the CADO will be entitled to receive the relevant severance pay according to applicable labour regulations and the company must undertake to pay her at least an amount of severance pay equivalent to one year of her fixed salary and the last variable remuneration she received. In order to calculate the severance pay that could be received by Ms. Laia Lahoz Malpartida in the event of termination of her ordinary employment relationship, after termination of her commercial relationship regulated by such contract, the basis for the severance pay will be calculated regarding the whole remuneration paid and received thereby in the twelve months prior to such termination, even if it were payable by virtue of a commercial relationship.

Non-Disclosure: During the term of the commercial contact and if it is terminated for any reason, the Executive Directors must not directly or indirectly disclose or disseminate any secret, procedure, method, information or commercial or industrial data related to NH's activities, businesses or finances or of any company in its Group to third parties that are unrelated to NH and must make every effort to prevent, if need be, publication of such information and all that is related to the activities and future plans both of the NH Hotel Group and any of the enterprises belonging thereto.

4. REMUNERATION POLICY FOR THE DIRECTORS IN THEIR POSITIONS AS SUCH

In accordance with Article 42 of the Articles of Association, the Directors' remuneration will consist of an annual fixed amount and expenses for attending the meetings of the Board of Directors and its committees. The amounts of such remuneration will be determined by the General Shareholders' Meeting.

In addition, apart from the remuneration included in the previous paragraph, in accordance with the Articles of Association, share-based remuneration systems or those involving assigning shares or stock options may be put in place for the directors. Application of these remuneration systems must be expressly agreed by the General Shareholders' Meeting.

The amount of the remuneration payable by the Company on an annual basis to all its Directors for the aforementioned items will be decided for such purpose by the General Shareholders' Meeting and will remain in force until the latter agrees to amend it.

In this respect, the Ordinary General Shareholders' Meeting held on 30 June 2022 set the maximum gross amount of annual remuneration to be received by the Directors in their positions as members of the Board of Directors at €800,000. This limit will continue to be applicable while this Policy is in force, unless the General Shareholders' Meeting decides to amend it in the future.

Setting the exact amount payable within the aforementioned limit and its allotment among the various Directors is decided by the Board of Directors, according to a proposal made by the ARCGC, taking into account the duties and responsibilities of each Director, membership of Committees within the Board of Directors and other objective circumstances considered relevant. The specific amounts that are applicable each year will be reported in the Annual Report on the Directors' Remuneration, which will be submitted for the consideration of the General Shareholders' Meeting each year.

5. APPLICABLE REMUNERATION POLICY TO NEW DIRECTORS

The aforementioned remuneration system for the Executive Directors will also be applicable to any director who could join the Board of Directors to perform executive duties during the term of this Policy. For such purpose, the ARCGC and the Board of Directors will, in particular, take into account the duties assigned to them, the responsibilities they undertake, their professional experience, market remuneration for the position and anything else considered appropriate to be taken into account to determine the components and amounts of the remuneration system applicable, as appropriate to the new executive director. This must be duly set out in the relevant contract to be signed between the Company and the new executive director.

As an exception and to assist in recruiting an external candidate, the ARCGC may propose creating a special incentive, to be decided by the Board in order to compensate for the loss of unearned incentives in the person's previous company due to resigning and subsequently accepting NH's offer.

For internal promotions, the Committee may cancel and/or offset pre-existing incentives and other obligations that may be in force at the time of the appointment.

In the event that the new appointment involves international relocation, the Group's general policy for international relocations will be applicable. This covers (but is not limited to) the process for the move and tax advice.

In the event that new non-executive members join the Board of Directors during the term of this Policy, the remuneration system described in section 4 above will be applicable to them.

6. PROCESS FOR DETERMINING, REVIEWING, AND IMPLEMENTING THE REMUNERATION POLICY

The main bodies of the Company taking part in determining and approving the Remuneration Policy are as follows:

- The General Shareholders' Meeting:

  In accordance with the Spanish Capital Companies Act, the General Shareholders' Meeting is competent in relation to approving the following matters related to the directors' remuneration:

  - The remuneration policy at least every three years.
  - Possible amendments to the remuneration policy in force from time to time.
  - The maximum annual remuneration amount payable to all the directors in such position.
  - The remuneration system that includes handing over shares or stock options or share-based remuneration.
  - The Annual Remuneration Report (advisory vote).

- The Board of Directors:

  This is the body that is competent for proposing the Remuneration Policy to the General Shareholders' Meeting. In addition, the Board is also responsible for adopting decisions related to the Directors’ remuneration, within the statutory framework and the Remuneration Policy.

  Moreover, the Board of Directors sets out the basic terms and conditions for the contracts, including the remuneration, of the directors who directly report to the Board or any of its members.

  The Board of Directors is informed about all the actions carried out by the ARCGC as set out below, making the relevant documentation available thereto so that it is informed of such actions and acts accordingly.

  As a precautionary measure, in order to avoid conflicts of interest, the Executive Directors may not attend or take part in the deliberations or decision-making at Board meetings that deal with proposals related to their specific remuneration.

- The Appointment, Remuneration and Corporate Governance Committee:

  In accordance with Article 26 of the Board of Directors’ Regulations, the ARCGC is competent for proposing the Directors’ Remuneration Policy and for those performing senior management duties directly reporting to the Board, its Executive Committees and Executive Directors, and the individual remuneration and other contractual terms and conditions for the Executive Directors, ensuring they are observed.

  The ARCGC may hold meetings as often as:

  (i) The Chair of the committee considers it is necessary.

  (ii) It is required by the Board of Directors.

  (iii) Two or more of its members with voting rights request a meeting to suitably perform their duties.

  Furthermore, with the aim of fulfilling their obligations as Directors with the utmost excellence, they take part in information and training updating courses regularly organised by the Company related to certain areas of interest and activity.

  Moreover, the Board of Directors is informed of all the actions carried out by the ARCGC, making the relevant documentation available thereto so that it is informed of such actions and acts accordingly.

  Notwithstanding the competence granted to the ARCGC in the Board of Directors’ Regulations, the duties of the Committee to determine, review and apply the Remuneration Policy and its transparency are summarised below:

ARCGC's DUTIES RELATED TO THE REMUNERATION POLICY
Determining the Policy
It proposes to the Board of Directors the allotment of the various components of the maximum amount of remuneration for the Directors, in their positions as such, approved by the General Shareholders' Meeting.
It proposes to the Board of Directors the amount and, as appropriate, updates of the Executive Directors' fixed remuneration.
Applying the Policy
Every year it proposes to the Board of Directors the STVR and LTVR targets applicable to the Executive Directors.
It assesses achievement of the targets once the annual and multi-annual variable remuneration measurement period has ended and proposes to the Board of Directors the amount or number of shares to be received by the Executive Directors.
Reviewing the Policy
It reviews the amount of the various remuneration components for the Directors, in their positions as such; taking into account market practices and submits its conclusions to the Board of Directors.
It reviews the structure and level of the Executive Directors' remuneration, taking market conditions into consideration to ensure it is competitive.
Transparency of the Policy
The ARCGC determines the contents of the Annual Report on the Directors' Remuneration and proposes its final approval to the Board of Directors.

The ARCGC may be supported by external advisors experts on remuneration in order to perform the aforementioned duties.

7. THE CONSIDERATION OF THE REMUNERATION TERMS AND CONDITIONS FOR ALL THE EMPLOYEES AND THE PERSPECTIVE FOR THE EXECUTIVE TEAM

The Company's Remuneration Policy for the employees was taken into account when determining the remuneration terms and conditions contained in this Policy for the Executive Directors.

In this respect, the Remuneration Policy for the Executive Directors is in line with the one for the other employees and both apply the following principles:

- The remuneration policies and practices ensure non-discrimination due to gender, age, culture, religion and race. In this respect, NH's professionals are remunerated depending on their professional merit, experience, commitment and the responsibility undertaken.

- In the same way as for the other members of the Company's senior management, a significant part of the Executive Directors' total remuneration is variable by nature and receiving it is linked to achieving financial, business, value creation and individual targets, all of which are pre-determined, specific, quantifiable and in line with NH's corporate interests.

- The variable remuneration is not guaranteed and, under certain circumstances, may be completely eliminated.

- The functioning of the STVR scheme for the Executive Directors at NH works in the same way as for the Company's other employees. It is set up using a Management By Objectives (MBO) Programme in order to achieve the following:

  - Rewarding performance bearing in mind achievement of the Company's quantitative targets.

  - Linking the achievement of the annual targets set by the Company to its medium and long-term strategy and long-term sustainability interests.

  - Aligning the individual targets with those of the Company.

- Regarding the long-term variable remuneration, a combination of mainly quantitative targets is set related to the Company's strategic priorities in the medium- and long-term.

- The remuneration practices are adapted to the various local markets on which NH operates.

In this respect, the components included in the Executive Directors' remuneration are identical to those included in the remuneration package for NH's senior management team.

8. ACTION TAKEN TO ALIGN THE REMUNERATION POLICY TO THE COMPANY'S TARGETS, VALUES AND LONG-TERM INTERESTS

The actions taken by the Company related to the remuneration system in order to reduce its exposure to excessive risks and adjust it to the Company's long-term targets, values and interests are as follows:

a) Total remuneration balance:

The Executive Directors' remuneration package includes short- and long-term variable parts, both of these parts being balanced. In this respect, in annual terms, the relative weight of the long-term variable remuneration is very similar to that of the short-term variable remuneration.

b) Formulating the variable remuneration targets:

The variable remuneration must take into account the quantitative financial and strategic targets included in the Long-Term Plan and contribute to developing a business model that promotes balanced and sustainable development.

Each year the ARCGC analyses the short-term variable remuneration components and submits its analysis to the Board of Directors for its final approval. The variable remuneration components are designed to achieve sufficient flexibility so that the amount of the payment is zero if target minimum is not achieved.

Regarding the multi-annual variable remuneration, it is ensured that the assessment process is based on NH's sustainable long-term results, enabling it to be modulated in accordance with the Company's economic cycle.

Actions adopted by the Company to reduce its exposure to excessive risks and prevent conflicts of interest

As explained throughout this document, the Remuneration Policy includes certain measures that allow the Company to reduce its exposure to excessive risks. Specifically, ex-post adjustments to the Executive Directors' variable remuneration are determined, as described in section 3.4, including the possibility for payment of the Executive Directors' multi-annual variable remuneration to be cancelled or reimbursement to be claimed (claw-back). In addition, the ARCGC may propose adjustments to the components, criteria, thresholds and limits of the annual or multi-annual variable remuneration to the Board of Directors if there are exceptional circumstances caused by extraordinary internal or external factors or events.

Regarding the measures to avoid conflicts of interest, the Executive Directors may not attend or take part in the deliberations or decision-making at Board meetings that deal with proposals related to their specific remuneration. Furthermore, in accordance with the provisions in the Capital Companies Act, Articles 29-33 of the Board's Regulations include obligations for the Directors concerning diligence, allegiance, secrecy, loyalty and non-competition.

9. TERM

Notwithstanding the provisions in the Capital Companies Act regarding the remuneration policy for board members, the policies and procedures contained in this document will be valid for 2024, 2025 and 2026, except for any amendments, adaptations, updates or replacements that may be agreed from time to time, which will be submitted to NH's General Shareholders' Meeting for approval.

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