

**DIRECTORS' REMUNERATION POLICY NH, S.A. - REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE IN RELATION TO THE PROPOSAL FOR APPROVAL OF THE DIRECTORS' REMUNERATION POLICY (ARTICLE 529 NOVODECIES OF THE CAPITAL COMPANIES LAW)**

**1. INTRODUCTION**

This report contains the reasoned proposal of the Nominating, Compensation and Corporate Governance Committee held on 22 May, 2023 in relation to the Directors' Remuneration Policy (hereinafter "Remuneration Policy") of NH Hotel Group, S.A. (hereinafter, "NH", the "Company" or the "Group"), which will be in effect during the years 2024, 2025 and 2026, and which will be submitted to the General Shareholders' Meeting as a separate item on the agenda.

This report is made available to shareholders on NH's website, as required by Article 529 novodecies, paragraph 4, of the revised text of the Spanish Companies Act ("LSC"). The aforementioned article requires that listed companies have a remuneration policy approved by the General Shareholders' Meeting at least every three years and that any remuneration received by directors be in accordance with that remuneration policy.

In view of the above, the Nominating, Compensation and Corporate Governance Committee submits for approval a new compensation policy which, if approved by the General Shareholders' Meeting, will be applicable until December 31, 2026.

**2. RATIONALE FOR THE DIRECTORS' COMPENSATION POLICY**

The general principles underpinning the remuneration policy are as follows:

- **Alignment with investors:** The design of the Executive Directors' Remuneration Policy is reviewed periodically to ensure alignment between the achievement of results and the creation of shareholder value.
- **Proportionality:** Remuneration is appropriately proportionate to the characteristics of the Company and the business model.
- **Balance:** The remuneration of the Directors must keep a balance between the different components of the remuneration.
- **Suitability:** The Remuneration Policy for Directors in their capacity as such is in line with the composition of the Board and the amounts are sufficient to compensate their qualifications, dedication and responsibility, guaranteeing due loyalty and linkage with the Company, but without compromising the independence of its members.
- **Non-discrimination:** NH's Remuneration Policy shall be respectful of non-discrimination on the grounds of gender, age, culture, religion and race.
- **Alignment with the strategy:** The Remuneration of the Directors must be consistent with the Group's strategy, incorporating those remuneration elements that are necessary for this purpose. It should also contribute to the long-term interests and sustainability of the company.
- **Transparency:** Remuneration information is in line with best practices in corporate governance.

### 3. MAIN FEATURES OF THE REMUNERATION POLICY 2024-2026

The objective of the Remuneration Policy is to compensate the commitment, responsibility and talent of the Directors, always taking into consideration the economic environment, the Company's results, the Group's strategy and the best market practices.

In general terms, the new Remuneration Policy maintains the fundamental components and lines applied in previous years, as it is considered to comply with the best market practices and the main recommendations of good governance.

In this regard, the Remuneration Policy has the following features in relation to the remuneration of Executive Directors for the performance of executive duties

- Linkage of the variable remuneration payment to the Company's results ("pay for performance"), with no guaranteed variable remuneration. In the scenario in which target objectives are met, the percentage of remuneration at risk with respect to total remuneration (considered for these purposes as fixed remuneration, annual variable remuneration and annualized long-term incentive) would amount to 57% in the case of the CEO and 47% in the case of the COO. In the scenario in which maximum compliance with objectives is achieved, the percentage of compensation at risk with respect to total compensation for the CEO would amount to 66% and 58% for COO and CADO.
- Long-Term Incentive Plans with a minimum target measurement period of 3 years. These plans will be linked to internal metrics based on economic-financial targets (e.g. EBITDA, Recurring Net Profit, etc.) At the start of each LTIP cycle, the Committee 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.
- In the event that the payment of the Long-Term Incentive is made in shares, these will be subject to an unavailability period of at least one year.
- Clawback clauses on long-term incentives. The Nominating, Compensation and Corporate Governance Committee may request the Board of Directors to cancel or refund the payment of the multi-year variable compensation of the Executive Directors if certain circumstances described in the Compensation Policy occur.
- In the event that the payment of the Long-Term Incentive is made in shares, Executive Directors shall be obliged to hold the shares derived from the Multi-Year Variable Remuneration for at least the equivalent of one year of fixed remuneration, the price that determines when this obligation is fulfilled is the share price on the date of delivery of the shares.

With regard to the remuneration of the Board Members in their capacity as such, in accordance with Article 42 of the Company's Bylaws, the remuneration of the Board Members shall consist of a fixed annual allowance and per diems for attending the meetings of the Board of Directors and its committees, the amounts of which shall be determined by the General Shareholders' Meeting. The amount of the remuneration that the Company may pay annually to all of its Board Members for the aforementioned items shall be determined by the General Shareholders' Meeting, which shall remain in force until such time the GSM does not resolve to modify it.

In this regard, the Ordinary General Shareholders' Meeting set the maximum gross annual amount of remuneration to be received by the Directors in their capacity as members of the Board of Directors at 800,000 euros. This limit will remain applicable during the term of this Policy unless the General Shareholders' Meeting decides to modify it in the future.

## **VALIDITY**

This remuneration policy will be submitted for approval at NH's General Shareholders' Meeting on June 29, 2023 and, if approved, will remain in force for the years 2024, 2025 and 2026, except for any amendments, adaptations, updates or replacements that may be agreed from time to time, which will be submitted for approval at NH's General Shareholders' Meeting.

22 May, 2023