

**ANNUAL REPORT OF THE NOMINATIONS, REMUNERATION AND  
CORPORATE GOVERNANCE COMMITTEE OF NH HOTEL GROUP, S.A.  
FOR THE YEAR 2019**

**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 2019 (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.

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

As of December 31<sup>st</sup>, 2019, 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 following changes that have occurred during 2019:

- i) Appointment of Mr. Stephen Chojnacki as a new member of the Committee, by virtue of a Board resolution of February 7<sup>th</sup>, 2019.
- ii) Resignation of Mr. José Maria Sagardoy as Chairman and member of the Nominations, Remuneration and Corporate Governance Committee on April 10<sup>th</sup>, 2019, for professional reasons.

- iii) Appointment, on April 10<sup>th</sup>, 2019, of Mr. Alfredo Fernández Agras as a new member of the Nominations, Remuneration and Corporate Governance Committee, following the resignation tendered by Mr. José María Sagardoy and the designation by the members of the Committee of Mr. José María Cantero de Montes-Jovellar as Chairman of the Nominations, Remuneration and Corporate Governance Committee.

With this appointment, 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 discharge their duties 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 to be appointed 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 this succession takes 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 depending directly on the Board, Executive Committees or Managing Directors, as well as the individual remuneration and other contractual conditions of Executive Directors, ensuring that this policy is followed.
8. Supervise and control compliance with the corporate governance rules and with the corporate social responsibility policy and plan, proposing the necessary Briefs and Reports to the Board.
9. Evaluate periodically the suitability of the corporate governance system, to ensure that it fulfils its mission of promoting the corporate interest.

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 2019**

The Nominations, Remuneration and Corporate Governance Committee met 5 times in 2019 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 2018: (a) Annual Corporate Governance Report, (b) Annual Report of the Nominations and Remuneration Committee, (c) Annual Remuneration Report, (e) Corporate Social Responsibility Report.
- Approval of the settlement of the Long—Term Incentive 2016-2018.

- Evaluation and approval of the annual variable remuneration for the CEO, Mr. Ramón Aragonés, for the results obtained in 2018.
- Approval of the objectives linked to the annual variable remuneration for 2019 of the CEO, Mr. Ramón Aragonés. The Committee was also informed of both the settlement of the variable remuneration for 2018 for Senior Management and the proposed objectives for 2019.
- Proposal and approval of the launch of a new cycle of the Long-Term Incentive for 2017-2022, the third cycle of which will start to accrue on January 1<sup>st</sup>, 2019.
- Proposal for the maximum amount in annual remuneration to be paid in aggregate to Non-Executive Directors to be set at 800,000 euros.
- 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 21<sup>st</sup>, 2020