

REMUNERATION POLICY FOR DIRECTORS

1. INTRODUCTION AND LEGAL FRAMEWORK

1.1. *Obligation of approving a remuneration policy – Provisions laid down in the Capital Companies Act*

Articles 529 *septdecies* and *octodecies* of the Capital Companies Act set out the obligation, for listed companies, of having a remuneration policy for directors, in which the remuneration that these have a right to receive in their capacity as directors and by performing their executive duties, shall be determined and detailed.

Also, article 529 *novodecies* of the Capital Companies Act sets out that the directors' remuneration policy shall be approved by the General Shareholders' Meeting at least every three years and as a separate item on the agenda. Additionally, the proposal of the remuneration policy of the Board of Directors shall be justified and must be accompanied with a specific report prepared by the Appointments and Remuneration Committee. Both documents must be available to the shareholders in the Company's webpage from the moment the General Shareholders' Meeting is called. The shareholders may request the free delivery of said documents. The notice of the call of the General Shareholders' Meeting will mention this right.

1.2. *Company's internal regulations*

Internally, the specific remuneration system and the remuneration policy for the members of the Board of Directors of Grifols, S.A. (the "**Company**" or "**Grifols**") are governed by article 20.bis of the Articles of Association and by articles 26 and 27 of the Internal Regulations of the Board of Directors, as detailed in sections 3 and 4 below.

Likewise, the Internal Regulations of the Board of Directors governs the duties of the Board of Directors and the Appointments and Remuneration Committee of the Company on matters relating to the remuneration of the members of the Board of Directors.

Specifically, in relation to the duties assigned to the Board of Directors, article 5.4 of the Internal Regulations of the Board of Directors sets out that:

"At the core of its duties, the Board shall approve the strategy of the Company and the necessary organization for its implementation, as well as supervise and control that the Management meets objectives and respects the corporate purpose of the Company. For this purpose, the Board in full shall reserve the capacity to approve:

- (a) *the general policies and strategies of the Company, and in particular: (...)*
 - (iv) *top management remuneration and performance evaluation;*

(b) the following decisions: (...) (ii) a contract entered into between the member of the Board of Directors appointed Chief Executive Officer, or who has been given executive duties, and the Company, detailing all the concepts for which said member can receive remuneration for performing executive duties; (iii) the determination of the remuneration to be received by each director in its capacity as such, as well as the determination of the additional remuneration of the directors for the performance of executive duties and the terms and conditions that should be observed in their contracts, in accordance with the Law and the directors' remuneration policy approved by the General Shareholders' Meeting; (...)".

Likewise, and in relation to the duties assigned to the Appointments and Remuneration Committee, article 15.5 of the Internal Regulations of the Board of Directors sets out that:

"Without prejudice to other duties assigned by the Board, the Appointments and Remuneration Committee will have the following basic responsibilities: (...) (j) to propose to the Board of Directors the remuneration policy of the directors and general managers or anyone performing top-level management duties under the direct supervision of the Board, executive committees or executive directors, as well as the individual remuneration and other contractual terms regarding the executive directors, ensuring its fulfilment".

1.3. *Approval of the policy for the next three fiscal years*

As suggested by the Appointments and Remuneration Committee, on 28 July 2020 the Board of Directors agreed to submit this remuneration policy to the General Shareholders' Meeting for its approval. This policy maintains the applicability of the principles and characteristics of the current one.

It is noted that if the General Shareholders' Meeting of the Company approves this policy it shall be valid for the next three fiscal years following the year of its approval, that is, until fiscal year 2023, included.

2. PRINCIPLES AND RULES OF THE REMUNERATION POLICY

Grifols' internal regulations, which have been mentioned in section 1.2 above, set out the principles and rules on which the directors' remuneration policy of the Company is based, and which are essentially the following:

- The directors' remuneration policy aims to remunerate directors appropriately based on their commitment, qualifications and actual responsibility, ensuring it does not become an obstacle to their independence.
- The directors' remuneration must be subject to market requirements, and it should be reasonable and, to the extent possible, in line with the remuneration of the directors of listed companies similar to Grifols, taking into account its size, international presence, main features and business sector.

- Variable remuneration policies shall include the necessary technical precautions to ensure that such remuneration is in accordance with the professional performance of its beneficiaries, and that it does not simply derive from the general evolution of the markets or business sector of the Company or other similar circumstances.
- The remuneration of the directors in their capacity as such is based on the following main principles:
 - The remuneration will consist of an annual fixed and determined compensation.
 - The determination of the remuneration of each director shall take into account the duties and responsibilities of each director, their participation in the Board's committees and other objective circumstances that the Board of Directors considers relevant.
 - The remuneration of non-executive directors shall not be based on remuneration systems relating to the delivery of Company shares, unless the directors keep them until they cease to be directors.
 - The directors shall have the right to be reimbursed for any expenses they have incurred in as a consequence of their duties as directors.
- The remuneration of the executive directors is based on the following main principles:
 - The remuneration for performing executive duties shall be set out in the corresponding contract, and taking into account objective criteria.
 - The remuneration of executive directors shall be a fixed amount and a variable amount; the latter ranges from 0% to a maximum of 65% of the fixed remuneration.
 - The annual variable remuneration of the executive directors shall be determined in relation to the achievement of certain annual objectives linked to the performance of the Company Group as a whole.

In summary, the Company's remuneration policy aims to create value in Grifols, while seeking a way to manage risk in an adequate and prudent manner, to be in line with shareholders' interests, and to always strictly comply with the applicable regulations on matters related to the remuneration of directors in listed companies.

3. REMUNERATION OF DIRECTORS IN THEIR CAPACITY AS SUCH

3.1. Internal Regulations

Article 20.bis of Grifols' Articles of Association sets out the following:

"The position of director shall be remunerated. The directors' remuneration shall be a fixed amount. For such purpose, and at least every three years and valid for the three fiscal years following the year it is approved, the General Shareholders' Meeting shall approve the remuneration of directors' policy, which shall necessarily determine the maximum amount of the annual remuneration to be paid to all the directors. In addition, the Board of Directors shall distribute said remuneration among its members, by means of a board resolution, taking into account the duties and responsibilities of each director, the membership to board committees and other relevant objective circumstances. This board resolution shall not be necessary if the General Shareholders' Meeting has voted on the distribution among the members of the Board of Directors."

Notwithstanding the foregoing, the directors will have the right to be refunded on the expenses incurred upon while holding their office (...)"

Article 26 of the Internal Regulations of the Board of Directors of the Company sets out the following:

"1. *The remuneration policy of the directors must (...):*

- (a) With respect to the remuneration of the directors in their capacity as such, necessarily include the maximum amount of the annual remuneration to be paid to all said directors.*
- 2. The Board of Directors shall decide the remuneration of each director in their capacity as such and, to that end, shall take into consideration the duties and responsibilities of each director, their participation in the Board's committees and other objective circumstances the Board may consider relevant.*
- 3. (...).*
- 4. Variable remuneration policies include the required technical cautions to ensure that such remunerations are in line with the professional performance of their beneficiaries and do not simply derive from the general evolution of the market or from the Company's industrial sector or from other similar circumstances. (...)"*

Finally, article 27 of the Internal Regulations of the Board of Directors of the Company sets out the following:

"The Board of Directors, with the advice of the Appointments and Remuneration Committee, shall adopt all measures within its reach to guarantee that the remuneration of non-executive Directors is in line with the following directives:

- (a) the non-executive Director should be remunerated in relation to his actual dedication, qualification and actual responsibility;*
- (b) the non-executive Director should be excluded from remuneration systems based on receiving shares in the Company or companies of the Group, stock options or financial instruments related to the value of the share, in variable remunerations linked to the Company's profits or welfare systems;*

This directive, however, shall not affect the receiving shares in the Company, on condition that the directors keep them until their resignation as director;

- (c) The amount of the non-executive remuneration should be calculated in order to incentivise dedication, but not to become an obstacle to independence."*

3.2. Remuneration system of the directors in their capacity as such

As indicated above, the directors' remuneration in their capacity as such consists of a fixed remuneration in cash, subject to their role and duties, which amounts to one hundred thousand euros (€100,000) for each member of the Board of Directors, with the exceptions that are further described in this section.

Additionally, the directors that are members of any of the Board of Directors' committees, that is, the Audit Committee or the Appointments and Remuneration Committee, shall each receive an additional gross payment of twenty-five thousand euros (€25,000) per year as a result of having a heavier workload. Therefore, those directors who are also members of a committee shall receive an annual fixed remuneration of one hundred twenty-five thousand euros (€125,000).

Also, the directors that chair the Board of Directors' committees shall receive an additional twenty-five thousand euros (€25,000) per year, again as a result of having a heavier workload than the other directors, thus they shall receive an annual fixed remuneration of one hundred fifty-thousand euros (€150,000).

For performing their duties, the lead independent director shall receive an additional fifty thousand euros (€50,000), also as a result of the legal duties inherent to their role, thus they shall receive an annual fixed remuneration of one hundred fifty-thousand euros (€150,000).

Under no circumstance shall a non-executive director receive, for performing their duties, an annual remuneration of more than one hundred fifty-thousand euros (€150,000). The directors that render professional remunerated services to the

Group or to the Company will not receive any kind of remuneration for their condition as director, nor will the executive directors.

Finally, and as stated above, the directors shall have the right to be reimbursed for any expenses incurred in while holding their office, as appropriate.

The maximum annual remuneration that the Company may pay to all of its directors in their capacity as such for all concepts shall be decided by the General Shareholders' Meeting. This amount shall remain unchanged until the General Shareholders' Meeting agrees to modify it, although the Board of Directors may establish a lower amount. The terms concerning the maximum remuneration shall remain the same during the current remuneration policy period.

There are no other remuneration systems different from the one detailed in this section which are being applied to the directors in their capacity as such.

In particular, directors in their capacity as such shall not receive variable remuneration. Also, the Company has not assumed any commitment or obligation related to pension, retirement or other similar schemes in relation to the directors in their capacity as such.

The remuneration system of executive directors is described in section 4 below.

4. EXECUTIVE DIRECTORS REMUNERATION

4.1. Internal Regulations

Article 20.bis of Grifols' Articles of Association sets out the following:

"(...) the directors will have the right (...) to receive remuneration for performing their executive duties specified in the contracts approved in accordance with the Capital Company's Act, as long as it adjusts to the directors remuneration policy approved by the General Shareholders' Meeting pursuant to the Company's Corporate Governance System and any applicable legal provision."

Additionally, article 26 of the Internal Regulations of the Board of Directors sets out the following:

"1. The remuneration policy for directors must [include] (...):

(a) (...)

(b) With respect to the remuneration of the directors for performing their executive duties:

i. The amount of the annual fix remuneration and its variation during the period to which the policy refers;

ii. The different parameters to set the variable components; and

iii. *The main terms and conditions of their contracts including, in particular, duration, severance payments or compensations for the termination of the employment relationship, and exclusivity, post contractual non-competition, and retention or loyalty agreements.*

2. (...)

3. *Likewise, the Board of Directors shall establish the remuneration of the directors for performing executive duties as well as the terms and conditions of their contracts signed with the company, in accordance with the Law and the director remuneration policy approved by the General Shareholders' Meeting".*

4.2. *Executive directors remuneration system*

The executive directors' remuneration system consists of a fixed remuneration, rewarding the performance of executive duties, and a variable remuneration, as a reward for achieving the Company's objectives, as detailed below.

(a) *Fixed Remuneration*

On the date of approval of this policy, there are two (2) executive directors who receive an annual fixed remuneration as a result of their employment or, where appropriate, commercial relationship with the Company: the two chief executive officers.

The remuneration of the executive directors is determined taking into account the remuneration paid to analogous roles in similar companies, based on a comparative analysis carried out by Grifols' Human Resources Department, as recommended by the Appointments and Remuneration Committee.

(b) *Variable Remuneration*

The Company's remuneration policy takes into account the long-term financial objectives and management of the Company, among other things, with the purpose of reducing its exposure to any excessive risks, giving its top level executives and its executive directors the possibility of obtaining variable remuneration. Therefore, their remuneration consists of a fixed amount and a variable amount. The maximum variable amount ranges from 0% to a maximum of 65% of the annual fixed remuneration.

On the approval date of this policy, there are two (2) executive directors who receive a variable remuneration as a result of their employment or, where appropriate, commercial relationship with the Company: the two chief executive officers.

The percentage of the variable remuneration is subject to achieving the Company's annual objectives, following common practices in similar companies.

Said objectives are established annually and are approved by the Appointments and Remuneration Committee, being linked to the performance of the Company's Group as a whole, as follows: (i) 70% to the consolidated adjusted amount of the group's net earnings (adjusted EBIT Holding) and (ii) 30% to the adjusted EBIT of the four divisions (Bioscience, Diagnostic, Hospital and Bio Supplies). The right to receive the variable amount is subject to achieving, at least, 90% of the objectives.

With the aim to evidence the aligning of interests of the executive directors and the shareholders, and to link their remuneration with the long-term objectives of the Company, the executive directors may receive 50% of the amount of their variable remuneration in Class B shares. These shares have a vesting period of two (2) years and one (1) day. If they choose this option, the Group shall make an additional 50% contribution of the amount exercised by the director.

Grifols' variable remuneration scheme calendar is as follows:

- At the end of February each year, the Board of Directors prepares the annual accounts corresponding to the previous fiscal year and identifies the percentage of objectives reached in order to pay the variable remuneration (bonus).
- In March each year, the executive directors decide which percentage of their variable remuneration (bonus) they want to receive in cash and which percentage in Company Class B shares. Executive directors may receive up to 50% of their variable remuneration in rights over Company Class B shares. The percentage of the variable remuneration (bonus) in cash shall be paid in March each year.
- Rights corresponding to Class B shares received as variable remuneration shall have a vesting period of two (2) years and one (1) day, at which time the Class B shares shall be delivered to the relevant executive directors.

(c) *Main features of the executive directors' contracts*

The contracts of the executive directors are standard. These contracts specify the services that the executive directors, as such, shall be rendering to the Company, in accordance with the Capital Companies Act and Grifols internal regulations.

Without prejudice to these being standard, the contracts include some specific clauses.

In particular, they include change of control clauses by virtue of which, in the event of a takeover of Grifols, the executive directors may opt between staying in the Company or leaving, in which case they would have the right to receive a compensation equivalent to five (5) years of salary.

Grifols has decided to establish a compensation equivalent to five (5) years of salary considering that the remuneration of Grifols' managers is moderate.

On the other hand, the executive directors are entitled to receive a compensation equivalent to two (2) years of salary in the event the contract is terminated due to the Company's will or due to a change in the general management of the Company.

The contracts also include post-contractual non-compete clauses for a one-year period, during which the executive directors, once their contracts are terminated, shall not be able to render services of a similar nature to other companies.

Also, the executive directors' contracts, set out that the Company shall have the right to claim the reimbursement of the variable remunerations previously satisfied, in the event that its payment (i) had not adjusted to the performance terms or required results for its payment, or (ii) had been paid based on data whose inaccuracy is verified at a later time.

Grifols' analysis was based on the selection of a number of comparable companies listed in the main index of the Spanish Stock Exchange, IBEX-35, and hence incorporates the principal Spanish companies taking into consideration their size, international presence and main characteristics, as well as the companies related to the plasma industry. On the basis of this analysis, the remuneration of Grifols is considered moderate, especially when compared in terms of stock exchange capitalisation.

Additionally, the characteristics of the hemoderivatives industry, with few main actors, have resulted in Grifols adopting a specific compensation policy.

5. REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

The remuneration of the chairman of the Board of Director, taking into account his involvement and proven experience as director and chairman of the Company; in addition to his valuable knowledge of the Company and the sector in which the Company operates, as well as to the specific duties he carries out as non-executive director, is different to the remuneration of the other directors.

The remuneration of the non-executive chairman of the Board of Directors exclusively consists of a fixed annual amount, which is equivalent to the fixed amount received during the fiscal year 2016 (that is, €965,000). The non-executive chairman will not receive a variable remuneration.

When deciding the remuneration of the non-executive chairman, the additional duties that he shall perform, as well as those set out in the Capital Companies Act for the position of Chairman of the Board of Directors, were taken into account.

In particular, but not limited to, these duties are related to the following:

- Duties inherent to the running of the Board of Directors and to the position of chairman to the Board of Directors, in accordance with the Capital Companies Act and Grifols' internal regulations;
- Duties related to giving advice and offering assistance to the executive directors:
 - give the chief executive officers constructive criticism, advice and assistance, exercising his good judgement and providing the experience to solve any issues related to the Company's strategy, performance and management;
 - give solid and constructive criticism in order to reach a high quality professional debate and to guarantee that the chief executive officers and the Board are accountable for matters related to the approval and application of agreed policies and strategies.
 - take on the role of advisor and mentor to the chief executive officers, and apply an open-door policy so that they can ask him for advice when needed. Therefore, the non-executive Chairman will share the advice he considers necessary so that the executive directors may apply a strategy. However, the non-executive Chairman, although he has a decisive role in the discussions to approve a strategy, will not take away from the chief executive officers the responsibility for developing the company's strategy;
- Duties related to corporate governance:
 - guarantee that the Board of Directors meets regularly and that it gives the proper attention and devotes the necessary time to matters related to corporate governance;
 - take all the necessary measures to ensure that the Company complies with the applicable legislation on Corporate matters, and to monitor the continuous application of good governance recommendations;
- Duties related to the composition and efficiency of the Board of Directors:
 - ensure that the Board's committees are structured properly;
 - be proactively informed on all matters related to the Board's committees by having regular conversations with the chairmen of the committees, outside the meetings of the Board;

- supervise the incorporation of new members of the Board and guarantee that there are always customized training programmes so that non-executive directors have the necessary tools to participate actively in the Board's discussions, in particular in those related to risks and strategy.
- Duties related to the Company's external representation:
 - regularly hold meetings with the main shareholders in order to build relationships and obtain information about the strategy, performance and management of the business;
 - support the Company's commercial activities and hold meetings with groups of interest as necessary.

6. SUPERVISION OF THE APPLICATION OF THE REMUNERATION POLICY

Without prejudice to the provisions of the Capital Companies Act on matters related to the remuneration policy for members of the Board of Directors of the Company, Grifols' Board of Directors, once the relevant reports by the Appointments and Remuneration Committee have been prepared, shall regularly review and approve the principles and rules of the directors remuneration policy as well as be responsible for supervising its application.

To that end, the Company's Board of Directors shall annually review this policy, with the objective of introducing any modifications that are required in accordance with the current legislation and as necessary.

7. VALIDITY OF THE REMUNERATION POLICY AND NEW BOARD MEMBERS

Without prejudice to the regulations currently in force, this remuneration policy shall be valid during the three (3) fiscal years following the year in which it is approved by the General Shareholders' Meetings (that is, until 2023, included), unless modified by Grifols' General Shareholders' Meeting.

Unless the General Shareholders' Meeting decides otherwise, this remuneration policy shall also be applied to any new director joining Grifols' Board of Directors, for as long as this remuneration policy for members of the Company's Board of Directors is valid.

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