

**ANNUAL REPORT ON REMUNERATION OF THE BOARD MEMBERS  
OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DATA**

|                                  |            |
|----------------------------------|------------|
| <b>ACCOUNTING REFERENCE DATE</b> | 31/12/2018 |
|----------------------------------|------------|

|            |            |
|------------|------------|
| <b>CIF</b> | A-58389123 |
|------------|------------|

|                       |
|-----------------------|
| <b>CORPORATE NAME</b> |
| GRIFOLS, S.A.         |

|   |
|---|
| <b>REGISTERED OFFICE</b>                |
| CALLE JESÚS Y MARÍA, 6, 08022 BARCELONA |

## **A. COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR**

**A.1 Explain the remuneration policy for directors applicable to the current financial year. If relevant, you may include certain information by referring to the remuneration policy approved by the general shareholders' meeting, provided that the reference is clear, accurate and exact. Specific decisions must be detailed for the current financial year, both for the remuneration of the directors in their capacity as such and the performance of executive duties, which the board would have carried out in accordance with the provisions of the agreements signed with the executive directors, and also with the remuneration policy approved by the general shareholders' meeting. In any event, at least the following aspects must be reported:**

- **Description of the procedures and governing bodies of the company involved in determining and approving the remuneration policy and its terms.**
- **Specify and, if appropriate, explain if similar companies have been taken into account to establish the company's remuneration policy.**
- **Inform if an external advisor has participated and identify it, if applicable.**

The directors' remuneration policy approved by the Company's General Shareholders' Meeting held on 26 May 2017 applies to the current financial year (2019) as well as to the financial year ended on 31 December 2018, in accordance with article 529 *novodecies* of the Spanish Companies Act, pursuant to the provisions of the Transitional Provision of Law 31/2014, of 3 December, amending the Spanish Companies Act in matters of corporate governance.

Likewise, the objective of the Company's remuneration policy is to create value for Grifols, aiming to manage risk adequately and sensibly, to be aligned with the interests of its shareholders, and to strictly comply at all times with any regulations on the remuneration of directors of listed companies.

### **Description of the procedures and governing bodies of the company involved in determining and approving the remuneration policy and its terms**

In accordance with the Company's Articles of Association, the General Shareholders' Meeting shall approve, at least every three years, and with a validity of three years following the year of its approval, the directors' remuneration policy, which shall necessarily establish the maximum amount of the annual remuneration to be paid to all directors as such; the Board of Directors shall be in charge of its distribution among the board members. The duties and responsibilities of each director, their membership to Board committees and other relevant objective circumstances shall be taken into account when allocating the amount. If the General Shareholders' Meeting agrees on the distribution of the annual remuneration among the members of the Board of Directors, then the resolution by the Board of Directors shall not be necessary.

Thus, once the General Shareholders' Meeting approves the remuneration policy, the board members shall be entitled to obtain the remuneration established by the Board of Directors following the provisions of the Articles of Association and other regulations and in accordance with the indications of the Appointments and Remuneration Committee, ensuring that the remuneration is moderate based on market requirements.

In this regard, article 15 of the Regulations of the Board of Directors regulates how the Appointments and Remuneration Committee operates; this committee must meet at least once a year to prepare the information on the remuneration of the board members, and the Board of Directors must approve it and include it in its annual public documentation.

The duties of the Appointments and Remuneration Committee include: (i) proposing 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 Chief Executive Officers, as well as the individual remuneration and other contractual terms regarding the executive directors, ensuring its fulfilment and (ii) periodically reviewing the remuneration programmes for executive officers, taking into account their competence and performance.

Also, in accordance with the Spanish Companies Act, the Appointments and Remuneration Committee is exclusively formed by non-executive directors, among which at least two are independent.

The Appointments and Remuneration Committee met on 14 December 2018 to review the Company's remuneration policy to be applied in the current financial year (2019). Following the proposal of the Appointments and Remuneration Committee, this policy was previously reviewed by the Company's Human Resources Department, which compared the policy applied by the Company to that of similar companies. The policy was subsequently approved by the Board of Directors.

**Explain if similar companies have been taken into account to establish the company's remuneration policy**

In accordance with Grifols' remuneration policy, like every year, in 2018 an analysis was carried out on the external competitiveness of the remuneration package of all the Company's employees, including its directors and management members. This analysis was carried out with the aim of reviewing the adequacy of the remuneration levels and to ensure that these are in line with the market practices of other companies operating in the same sector and for similar levels of responsibility. The sources of information used for this analysis were different salary surveys carried out by an independent consultancy firm, Mercer LCC ("2018 Mercer Life Sciences Survey" and "2018 Mercer Total Remuneration Survey").

Based on this analysis, the Human Resources Department, the Appointments and Remuneration Committee and the Board of Directors came to the conclusion that Grifols' remuneration policy is moderate and adequate, especially when compared in terms of market capitalization.

**Inform if an external advisor has participated and identify it, if applicable**

The Company has not contacted any external advisor to determine the remuneration for the current financial year (2019). In 2017, Willis Towers Watson prepared a comparative study on the remuneration of executive directors in similar companies in terms of size, business complexity and geographic diversity. On the basis of such comparative analysis, it was concluded that the total remuneration of the Chief Executive Officers was in the inferior range of the lowest average scale.

- **Relative significance of the variable remuneration components with respect to the fixed components (remuneration mix) and the criteria and objectives that have been taken into account in their determination, and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, specify which actions have been taken by the company in relation to the remuneration system in order to reduce exposure to excessive risks and align it with the long-term objectives, values and interests of the company. This must include a reference to measures planned to guarantee that the remuneration policy addresses the company's long-term results, measures adopted in relation to the category of employees whose professional activities have a material impact on the risk profile of the entity and measures planned to prevent conflicts of interests, as appropriate.**

**Also, specify if the company has established an accrual or consolidation period for certain variable remuneration concepts, in cash, shares or other financial instruments, a deferral period to pay amounts or deliver any financial instruments already accrued or consolidated, or if a clause has been agreed to in relation to**

**reducing the differed remuneration or that forces a director to return any amounts paid, when such remuneration was based on data which was later proved to be inaccurate.**

The remuneration system of the executive directors consists of a fixed remuneration, which aims to remunerate the performance of executive duties, and a variable remuneration, which aims to remunerate the achievement of the objectives set out by the Company, as detailed below.

The Company's remuneration policy takes into account the long-term objectives of the Company, among other things, to reduce exposure to excessive risks, granting its top executives and its executive directors the possibility of obtaining a variable amount in relation to their remuneration. Hence, the remuneration consists of a fixed amount and a variable amount, being possible for the latter to reach a maximum amount of 65% of the fixed annual remuneration, in accordance with the Company's current remuneration policy.

The remuneration of the executive directors is determined taking into account the remuneration of similar positions in comparable companies, based on the analysis carried out by Grifols' Human Resources Department, as proposed by the Appointments and Remuneration Committee. Additionally, the annual variable remuneration of the executive directors is determined taking into account the achievement of certain annual objectives, following the common practice of similar companies. The objectives are linked to the performance of the Company's Group as a whole, taking as reference the consolidated EBIT. If the degree of accomplishment does not reach 90%, the right to receive this variable remuneration would not be accrued.

To determine the percentage to be applied to the variable remuneration, a series of ranges have been established based on the achievement of objectives related to the achievement of the EBIT. Based on the foregoing, subject to the achievement of the objectives, the variable remuneration may vary between 0% and a maximum amount of 65% of the fixed annual remuneration.

Additionally, it is important to highlight that the participation of the executive directors in Grifols' shareholding is very relevant, and this circumstance, together with their stable permanence commitment in such shareholding, ensures that they are in line with the reduction of risks and the creation of value in the company in the long term.

The contracts of the two executive directors set out that the Company shall be entitled to claim the return of variable remuneration previously paid, in the event that (i) the performance or results required for its accrual had not been met, or (ii) it had been paid based on data that was later proved to be inaccurate

The calendar for the variable remuneration plan to be applied to the executive directors of Grifols is:

- 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.

- **Amount and nature of the fixed components that directors, in their capacity as such, are expected to accrue during the financial year**

In accordance with the remuneration policy approved by the General Shareholders' meeting held on 26 May 2017, and which is applicable to the three financial years following its year of approval, the amount of the fixed annual remuneration for the current financial year is 100,000€ for each member of the Board of Directors who is a non-executive director, with the exception of those non-executive directors that are rendering paid professional services to the Company or the Group.

Also, any director who serves as a member on one of the Committees of the Board of Directors (Audit Committee and Appointments and Remuneration Committee) shall receive an additional gross annual remuneration of 25,000€ as a result of a heavier workload (thus, the total remuneration shall amount to 125,000€). Similarly, the chairpersons of each Committee shall receive an additional 25,000€ for performing their duties as chairperson (thus, the total remuneration shall amount to 150,000€). The coordinating director shall receive an additional remuneration amounting to 50,000€ for performing its duties (thus, the total remuneration shall amount to 150,000€).

Under no circumstance shall the remuneration of a non-executive director exceed 150,000€ per year for the performance of duties as director.

#### *Non-executive Chairman*

In accordance with the remuneration policy approved by the General Shareholders' meeting, held on 26 May 2017, and which is applicable for the three financial years following its year of approval, the remuneration of the Chairman of the Board of Directors is a fixed annual amount of 965 (in thousands of euros). The Chairman's remuneration has been decided taking into account his proven experience as director and Chairman of the Company, in addition to his knowledge in the sector where the Company operates.

When deciding the remuneration of Mr. Grifols Roura, the additional duties that he shall carry out, in addition to those set out in the Spanish 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: (i) the internal functioning of the Board of Directors itself, (ii) in collaboration with the Chief Executive Officers, direction the Board of Directors to develop and ensure that the appropriate strategy for the Company is implemented by the executive team, (iii) the corporate governance, (iv) the composition and efficiency of the Board of Directors, and (v) the external representation of the Company.

- Amount and nature of the fixed components that executive directors are expected to accrue during the financial year for performing executive duties

During the current financial year (2019), there are two executive directors (the Co-Chief Executive Officers) who shall accrue an annual fixed remuneration arising from the employment (or, where applicable, commercial) relationship that they have with the Company.

The remuneration of the two Chief Executive Officers has been determined taking into account the remuneration of similar positions in comparable companies, based on the analysis carried out by the Company's Human Resources Department, as proposed by the Appointments and Remuneration Committee.

Amount of fixed remuneration for the current year: 855,000€ for each of the Co-Chief Executive Officers.

- **Amount and nature of any remuneration concept in kind to be accrued during the financial year, including but not limited to any insurance policy premiums in favour of a director.**

N/A

- **Amount and nature of the variable components, distinguishing between short and long term. Financial and non-financial parameters, including among these last ones, any social, environmental and climate change parameters, selected to determine the variable remuneration of the current financial year, an explanation on how these parameters are related to the performance of both the board member and the entity, as well as with their risk profile and methodology, necessary period and techniques to be used for determining, at the end of the financial year, the degree of accomplishment of the parameters used when designing the variable remuneration.**

**Add the range in monetary terms of the different variable components based on the fulfilment of the established objectives and parameters, as well as specifying if there is a maximum monetary amount in absolute terms.**

A. Variable remuneration derived from the position of board member in its capacity as such

The directors do not receive variable remuneration for serving as members of the board. In accordance with article 20.bis of the Company's Articles of Association "The remuneration of the board members shall be a fixed amount".

Likewise, the non-executive Chairman does not receive variable remuneration either.

B. Variable remuneration derived from exercising executive duties

The variable component is received by board members that have the category of executive directors and, as such, have an employment relationship (or, where appropriate, a commercial relationship) with the Company. During the current financial year (2019), there are two executive directors that shall receive annual variable remuneration derived from their employment relationship (or, where appropriate, a commercial relationship) with the Company: the Co- Chief Executive Officers.

The percentage of the variable remuneration is established depending on the level of accomplishment of the Company's annual objectives, in accordance with common practices of similar companies for positions of similar responsibility. These objectives are determined annually and are approved by the Appointments and Remuneration Committee. The objectives are linked to the performance of the Group as a whole, taking as reference the consolidated EBIT, as this is considered one of the main indicators of the Company's management.

The EBIT shows the evolution of the Company's business, including all its divisions, and more specifically the results it has obtained (before discounting interests and taxes). Therefore, it is considered as the most adequate form of measurement to evaluate the executive directors' operating management of the Company. This parameter also facilitates the transparency of the variable remuneration system since it is published quarterly.

The variable remuneration can reach a maximum of 65% of the fixed annual remuneration. To determine the percentage to be applied to the variable remuneration, a series of ranges have been established based on the accomplishment of objectives related to achieving the EBIT. As mentioned above, this form of measurement is considered the most adequate to evaluate the management of the executive directors, since it is the main indicator used to measure the Company's operating results. Based on the foregoing, and conditional on the accomplishment of the objectives determined, the variable remuneration may vary between 0% and a maximum

amount of 65% of the fixed annual remuneration, in accordance with the company's remuneration policy. If 100% of the objectives are accomplished, the maximum percentage of 65% shall be automatically applied to determine the variable remuneration, since the targets related to the achievement of the EBIT are objective criteria.

As to the assessment method that shall determine the accomplishment of the objectives, it should be pointed out that the variable remuneration of the executive directors is based on the degree of accomplishment of the objective related to the annual EBIT. If the degree of accomplishment does not reach 90%, the executive directors would lose the right to be paid.

It should be highlighted that the variable remuneration system of the Company's executive directors is in line with IBEX-35 practices. According to the annual report on the remuneration of board members of listed public limited companies for financial year 2017, the latest published by the CNMV, all IBEX-35 companies have had in place formal plans concerning the short-term (annual) variable remuneration for executive directors. These plans have been generally based on internal parameters such as the evolution of operative results or the net profit of the Company. Finally, it should also be highlighted that Grifols does not have a long-term remuneration system due to the fact that its executive directors are also shareholders. The executive directors hold a high number of shares of the Company, and this circumstance, together with their willingness to stay in the shareholding, ensures an alignment with the corporate interests of the Company and an intention to continue creating value in the Company in the long term, in line with the interest of Grifols' investors and shareholders.

- **The main features of the long-term savings systems. Among other information, specify the contingencies covered by the system, if it is by contribution or defined benefit, the annual contribution that has to be paid into the defined contribution systems, the benefits to which the beneficiaries are entitled in defined benefits systems, the terms of consolidation of any economic rights in favour of the board members and its compatibility with any type of payment or indemnity for the resolution or early dismissal, or derived from the termination of the contractual relationship, in the terms agreed to, between the company and a board member.**

**Specify if the accrual or consolidation of any of the long-term savings plans are related to the achievement of certain objectives or parameters related to the short or long-term performance of a board member.**

N/A

- **Any type of payment or compensation due to termination or early dismissal or derived from the termination of the contractual relationship in the terms agreed between the company and a board member, regardless of the board member resigning or being dismissed by the company, as well as any other pacts, such as exclusivity, post contractual non concurrence and permanency or loyalty, which would give a board member a right to any type of remuneration**

Explained in next section.

- **Specify the conditions that must be maintained in the contracts of those who carry out executive duties such as executive directors. Among others, inform about the duration, the limits of compensation amounts, permanency clauses, notification periods, as well as the payment in the event of no notification, contractual bonuses, compensation or golden parachute clauses as a result of the early termination or**

**termination of the contractual relationship between the company and an executive director. Include, among others, any agreements of non-concurrence, exclusivity, permanency or fidelity, and post contractual non-competence, unless already explained in the above section.**

The contracts of the two executive directors are standard contracts, as they do not include any particularities beyond those normally included in this type of contracts. Without detriment to the foregoing, said contracts include clauses of change of control, pursuant to which, in the event of a change of control, the executive directors may either decide to stay in the Company or terminate their relationship with it. In the latter case, they are entitled to a severance payment equivalent to five years of salary. This compensation would only apply in case a change of control occurs. The termination compensation in case of termination by the company would be equivalent to two years of salary, which is in line with termination compensations in similar companies.

The termination payments in case of change of control are calculated on the basis of 5 years, and these are lower (in absolute terms) than the termination payments of many similar companies, which calculate such concept on the basis of 2 years, but could lead to the payment of a higher amount. This circumstance is due to the fact that the remuneration of Grifols' top managers is moderate. It is worth noting that the remuneration of the executive directors is lower than the average of the IBEX.35 companies. Moreover, the amount is considered reasonable given that the contracts include non-compete clauses for a 3 year period. Additionally, the characteristics of the blood products industry in which the company operates, and which has 3 main players, has led to Grifols adopting a specific policy on termination payments.

On the other hand, the contracts signed by the executive directors set out a post-contractual non-compete obligation. Such clause entails that once the relevant contract is terminated, and during a period of 3 year, they may not render services in companies of similar nature to that of the Company.

Likewise, the contracts of the 2 executive directors set out that the Company shall be entitled to claim the return of the variable remuneration previously paid, in the event that (i) the performance or results required for its accrual had not been met, or (ii) it had been paid based on data that was later proved to be inaccurate.

- **The nature and estimated amount of other supplementary payments to be accrued by the directors during the current year as payment for services provided different from those inherent to their position.**

N/A

- **Other remuneration concepts such as those arising from the company granting any advance payments, loans, warranties or other remunerations.**

N/A

- **The nature and estimated amount of other supplementary payments not included in any of the above sections, regardless of it being satisfied by the company or another entity of the company, and which shall be accrued by the directors during the current financial year.**

N/A

**A2. Explain any relevant changes in the remuneration policy being applied to the current financial year resulting from:**

- **A new policy or amendment to the policy approved by the General Shareholders' Meeting.**
- **Relevant changes in specific decisions established by the board for the current financial year related to the remuneration policy in force in respect of those applied during the preceding financial year.**
- **Proposals that the board of directors agreed to submit to the general shareholders' meeting, to which this annual report shall be submitted, and which the board recommends applying to the current financial year.**

There are no significant changes in the remuneration policy being applied to the current financial year.

However, it should be highlighted that during the current financial year (2019) the fixed remuneration of Mr. Victor Grifols Deu, chief executive officer, has been increased to the same fixed remuneration amount paid to the other chief executive officer, Mr. Raimon Grifols Roura. This increase, planned for this financial year 2019, was already included in the agreement signed by Mr. Victor Grifols Deu and which was approved by the Board of Directors on 27 May 2016.

**A.3 Add the direct link to the document containing the company's current remuneration policy, which must be accessible through the company's webpage.**

<https://www.grifols.com/documents/51507592/54909588/05-politica-remuneraciones-consejeros-es/5a36a26b-1e57-47be-b51b-89321157a847>

**A.4 Explain, taking into account the information provided in section B.4, how the company has taken into account the vote of the shareholders during the general meeting in which the previous year's annual remuneration report was voted on a consultative basis**

The Company has analysed the results of the vote that took place during the General Shareholders' Meeting, in which the previous year's annual remuneration report was voted on a consultative basis. For the time being, the Company does not consider it necessary or convenient to make any amendments to the Company's remuneration policy because it was approved by the General Shareholders' Meeting on 26 May 2017, and it is valid for the three years following the year of its approval.

## **B. GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED**

**B.1 Explain the process that has been followed to apply the remuneration policy and to determine the individual payments shown in section C of this report. This information will include the role of the remuneration committee, the decisions taken by the board of directors and, where appropriate, the identity and the role of any external advisors whose services have been used to apply the remuneration policy of the financial year ended.**

See sections A.1, A.2, A.3 and A.4 above, in which the remuneration policy of the Company is explained, which is the valid policy for the current financial year (2019) as well as the policy applied during the financial year ended 31 December 2018.

Regarding the process followed to apply the Company's remuneration policy to the financial year ended 31 December 2018, it should be highlighted that the Appointments and Remuneration Committee met on 15 December 2017 to review the Company's remuneration policy that was applied to financial year 2018. Following the proposal of the Appointments and Remuneration Committee, the policy was previously reviewed by Grifols' Human Resources Department, which compared the policy applied by the Company to that of similar companies, and was subsequently approved by the Board of Directors.

The comparative analysis carried out by the Human Resources Department was based on selecting a number of similar companies listed in the main index of the Spanish stock market, the IBEX-35; and hence, included the principal Spanish companies taking into account their size, international presence and main features, as well as companies related to the plasma industry. On the basis of this analysis, the Human Resources Department, the Appointments and Remuneration Committee and the Board of Directors, concluded that Grifols' remuneration policy is moderate and adequate, especially when compared in terms of stock market capitalization.

Likewise, during the meeting of the Board of Directors, held on 15 December 2017, the Human Resources Department explained to the board members the remuneration policy applied to the executive directors, and such policy was unanimously approved.

**B.2. Explain the different actions taken by the Company in relation to the remuneration system and how they have contributed to reduce exposure to excessive risks and align it with the long-term objectives, values and interests of the Company. This is to include a reference to the following: measures approved in order to ensure that the accrued remuneration has taken into account the company's long-term objectives, measures to establish a suitable balance between the fixed and variable components of the remuneration, measures adopted in relation to the categories of personnel whose professional activities have a material impact on the company's risk profile, and measures adopted to prevent conflicts of interest, if applicable.**

As explained in section A1 above, the remuneration policy of the Company takes into account the long-term financial and management objectives of the Company, among other things, to reduce exposure to excessive risks, granting its senior executives and its executive directors the possibility of obtaining a variable amount in relation to their remuneration. Therefore, the remuneration of the executive directors consists of a fixed amount and a variable amount, with the latter being able to reach a maximum amount of 65% of the fixed annual remuneration, in accordance with the company's current remuneration policy. The annual variable remuneration of the executive directors is determined based on the achievement of certain annual objectives. These objectives are linked to the performance of the Group as a whole, taking as a reference the consolidated EBIT. If the degree of achievement does not reach 90%, the executive directors would lose the right to be paid the variable amount.

The variable remuneration is an amount that may reach 65% of the annual fixed remuneration.

To determine the percentage to be applied to the variable remuneration, a series of ranges have been established based on the accomplishment of objectives related to achievement of the EBIT. Based on the foregoing, subject to the accomplishment of the objectives determined, the variable remuneration may vary between 0% and a maximum amount that may reach 65% of the annual fixed remuneration.

Additionally, it is important to highlight that the participation of the executive directors in Grifols' shareholding is relevant, and this circumstance, together with their stable permanence commitment in such shareholding, ensures that their interests are aligned with the reduction of risks and the creation of value in the Company in the long term.

**B3. Explain how the remuneration accrued during the financial year complies with the current remuneration policy. Likewise, explain the relationship between the remuneration obtained by the directors and the results or other performance measurements, in the short and long-term, of the company, explaining, if applicable, how any variations in the company's performance may have influence a variation in the directors' remuneration, including any accrued and deferred payments, and explain how these have contributed to the company's short and long-term results.**

The remuneration accrued during the financial year ended 31 December 2018 strictly complies with the Company's current remuneration policy, which was approved by the General Shareholders' Meeting held on 26 May 2017.

As explained above, the percentage of the variable annual remuneration of the executive directors is determined based on the achievement of the Company's annual objectives, which are set out annually and approved by the Appointments and Remuneration Committee. The objectives are linked to the performance of the Group as a whole, taking as a reference the consolidated EBIT Holding amount, as it is considered one of the main indicators of the Company's management. If the degree of achievement does not reach 90%, the executive directors would lose the right to be paid the variable amount.

**B.4 Inform of the vote of the shareholders during the general meeting in which the previous year's annual remuneration report was voted on a consultative basis:**

|                     | <b>Number</b> | <b>% of total</b> |
|---------------------|---------------|-------------------|
| <b>Issued Votes</b> | 340,396,121   | 98,51%            |

|                        | <b>Number</b> | <b>% of total</b> |
|------------------------|---------------|-------------------|
| <b>Negative votes</b>  | 120,403,990   | 35.37%            |
| <b>Votes in favour</b> | 214,915,605   | 63,14%            |
| <b>Abstention</b>      | 5,076,526     | 1,49%             |

**B.5 Explain how the fixed components accrued by the directors, in their capacity as such, have been determined during the financial year, and how they have varied compared to the preceding year.**

The remuneration of the directors in their capacity as such has not varied from the preceding financial year.

Therefore, the remuneration of the directors, in their capacity as such, accrued during the financial year ended 31 December 2018 has been determined based on the Company's remuneration policy, and it has consisted of a fixed amount in cash taking into account position and level of responsibility, and which amounts to 100,000€ for each of the members of the Board of Directors, with the exceptions mentioned below.

The directors that served as a member on one of the Board of Director's Committees, that is, the Audit Committee and the Appointments and Remuneration Committee, received an additional gross annual amount of 25,000€ as a result of having a heavier workload. Therefore, the fixed annual remuneration of the directors who also served as members of a committee amounted to 125,000€.

Likewise, the chairpersons of each Committee received an additional annual amount of 25,000, again as a result of a heavier workload. Therefore, the amount of their fixed annual remuneration was 150,000€.

The coordinating director received an additional remuneration amounting to 50,000€ for performing the duties inherent to this role. Therefore, the total annual fixed remuneration amounted to 150,000€.

For the financial year ended 31 December 2018, the remuneration of the non-executive Chairman of the Board of Directors of the Company consisted of a fixed annual amount of 965 (in thousands of euros). The Chairman's remuneration has been decided taking into account his proven experience as director and Chairman of the Company, in addition to his valuable knowledge in the sector where the Company operates.

When deciding the remuneration of Mr. Grifols Roura, the additional duties that he shall carry out, in addition to those set out in the Spanish 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: (i) the internal functioning of the Board of Directors itself, (ii) in collaboration with the Chief Executive Officers, encourage the Board of Directors to develop and ensure that the appropriate strategy for the Company is implemented by the executive team, (iii) the corporate governance, (iv) the composition and efficiency of the Board of Directors, and (v) the external representation of the Company.

**B.6 Explain how the salaries accrued during the last financial year by each of the executive directors for performing their executive duties have been determined, and how they have changed from the previous year.**

The salaries accrued by each of the executive directors for performing their executive duties during the financial year that has ended are the ones set out in their senior management employment contracts.

**B.7 Explain the nature and the main features of the variable components of the remuneration systems accrued during the last financial year.**

Only executive directors receive the variable component and, as such, they have an

employment (or, where applicable, commercial) relationship with the Company.

During 2018, 3 executive directors received a variable annual remuneration derived from their employment relationship (or, where applicable, commercial relationship) with the Company: (i) the 2 Chief Executive Officers, and (ii) the Deputy Chief of Operations Officer. It is worth mentioning that the Deputy Chief of Operations Officer retired from the Company and, as a result of his retirement, in June 2018 his category changed from executive director to other external directors.

The percentage of the variable remuneration is subject to achieving the Company's annual objectives, following the common practices of similar companies for positions of similar responsibility. These objectives are determined annually and are approved by the Appointments and Remuneration Committee. The objectives are linked to the performance of the Group as a whole, taking as reference the consolidated EBIT, as this is considered one of the main indicators of the Company's management.

The EBIT shows the evolution of the Company's business as a whole, including all its divisions, and more specifically the results it has obtained (before discounting interests and taxes). Therefore, it is considered as the most adequate measurement to evaluate the executive directors' operating management of the Company. This parameter also facilitates the transparency of the variable remuneration systems since it is published quarterly.

As mentioned, in accordance with the Company's remuneration policy, the variable remuneration can reach 65% of the annual fixed remuneration. To determine the percentage to be applied to the variable remuneration, a series of ranges have been established based on the accomplishment of objectives related to achievement the EBIT. As mentioned above, this measurement is considered the most adequate to evaluate the management of the executive directors, since it is the main indicator used to measure the Company's operating results. Based on the foregoing, and conditional on the accomplishment of the objectives determined, the variable retribution may vary between 0% and a maximum amount that may reach 65% of the annual fixed remuneration. It is worth mentioning that the percentage applicable to the variable remuneration accrued during financial year 2018 reached the highest percentage (65%) as a result of accomplishing 100% of the objectives determined by the Company.

As to the assessment method that shall determine the accomplishment of the objectives, it should be pointed out that the variable remuneration of the executive directors is based on the degree of accomplishment of the objective related to the annual EBIT. If the degree of accomplishment does not reach 90%, the executive directors would lose the right to be paid their variable remuneration.

The calendar for the variable remuneration plan for the executive directors of Grifols is:

- 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.

**B.8 Specify if certain variable components have been reduced or claw backed when, in a first case, they had been consolidated and the payment differed or, in a second case, if they had been consolidated and paid, based on data that was later proven as manifestly**

inaccurate. Describe the reduced or returned amounts as a result of applying the reduction or clawback clauses, why they were executed and to which financial years they correspond.

N/A

**B.9 Explain the main features of the long-term saving systems whose annual, equivalent and long-term amount or cost are shown in the charts found in Section C, including pensions and any other benefits that are being financed, partially or fully, by the company, whether internally or externally granted, specifying the type of scheme, if it is by contribution or defined benefit, the contingencies it covers, the terms of the consolidation of any economic rights for directors, and their compatibility with any kind of compensation for the early resolution or termination of the contractual relationship between the company and the director.**

N/A

**B.10 Explain, if applicable, any indemnities or any other payment as a result of early termination, regardless of the board member resigning or being dismissed by the company, pursuant to its terms, accrued and/or received by the directors during the financial year ended.**

N/A

**B.11. Specify if there have been any significant amendments to the agreements of any one carrying out top management duties as executive directors, and, if applicable, explain these amendments. Also, explain the main terms of the new agreements signed by the executive directors during the financial year, unless this has already been covered in section A.1.**

N/A

**B.12 Explain any supplementary remuneration accrued by board members as compensation for services rendered other than those inherent to their position.**

N/A

**B.13 Explain any compensation in the form of advanced payments, credits and guarantees granted, with indication of the interest rate, their essential characteristics and the amounts finally returned, as well as the obligations assumed under these by way of guarantees.**

N/A

**B14. Detail the remuneration in kind accrued by the directors during the financial year, and briefly explain the nature of the different salary components.**

N/A

**B15 Explain the remuneration accrued by the board member by virtue of any payments that the listed company may make to any third party companies in which the board member may render its services, whenever the purpose of said payments is to remunerate the services of said director in the company.**

N/A

**B16 Explain any other remuneration concept not included above, whatever its nature may be and whichever the entity of the group paying it may be, especially whenever they may be considered a related-party transaction or their issuing may distort the faithful image of the total remuneration accrued by a director.**

N/A

### **C. BREAKDOWN OF THE INDIVIDUAL COMPENSATIONS ACCRUED BY EACH BOARD MEMBER**

| <b>Name</b>                       | <b>Type</b>    | <b>Accrued period during financial year 2018</b> |
|-----------------------------------|----------------|--|
| ANNA VEIGA LLUCH                  | Independent    | From 01/01/2018 to 31/12/2018.                   |
| BELÉN VILLALONGA MORENÉS          | Independent    | From 01/01/2018 to 31/12/2018.                   |
| CARINA SZPILKA LÁZARO             | Independent    | From 01/01/2018 to 31/12/2018.                   |
| IÑIGO SANCHEZ-ASIAÍN MARDONES     | Independent    | From 01/01/2018 to 31/12/2018.                   |
| LUIS ISASI FERNÁNDEZ DE BOBADILLA | Independent    | From 01/01/2018 to 31/12/2018.                   |
| MARLA ELIZABETH SALMON            | Independent    | From 01/01/2018 to 31/12/2018.                   |
| RAIMON GRÍFOLS ROURA              | Executive      | From 01/01/2018 to 31/12/2018.                   |
| STEVEN MAYER                      | Independent    | From 01/01/2018 to 31/12/2018.                   |
| THOMAS GLANZMANN                  | Other external | From 01/01/2018 to 31/12/2018.                   |
| VÍCTOR GRÍFOLS ROURA              | Propietary     | From 01/01/2018 to 31/12/2018.                   |
| RAMON RIERA ROCA                  | Executive      | From 01/01/2018 to 30/06/2018.                   |
| RAMON RIERA ROCA                  | Other external | From 30/06/2018 to 31/12/2018.                   |
| TOMÁS DAGÁ GELABERT               | Other external | From 01/01/2018 to 31/12/2018.                   |
| VÍCTOR GRÍFOLS DEU                | Executive      | From 01/01/2018 to 31/12/2018.                   |

**C.1 Complete the following charts in relation to the individualized remuneration of each board member (including the remuneration for performing executive functions) accrued during the financial year.**

a) **Remuneration accrued by the Company covered in this report:**

i) **Compensation in cash (in thousands of €)**

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish version prevails.

| Name                              | Fixed remuneration | Expenses | Remuneration for belonging to committees of the Board | Salary | Short term variable remuneration | Long term variable remuneration | Compensation | Other concepts | Total year 2018 | Total year 2017 |
|-----------------------------------|--------------------|----------|---|--------|----------------------------------|---------------------------------|--------------|----------------|-----------------|-----------------|
| CARINA SZPILKA LÁZARO             | 100                | 0        | 46  | 0      | 0                                | 0                               | 0            | 0              | 146             | 125             |
| IÑIGO SANCHEZ-ASIAÍN MARDONES     | 100                | 0        | 50  | 0      | 0                                | 0                               | 0            | 0              | 150             | 150             |
| BELÉN VILLALONGA MORENÉS          | 100                | 0        | 29  | 0      | 0                                | 0                               | 0            | 0              | 129             | 150             |
| LUIS ISASI FERNÁNDEZ DE BOBADILLA | 100                | 0        | 25  | 0      | 0                                | 0                               | 0            | 0              | 125             | 125             |
| RAIMON GRIFOLS ROURA              | 824                | 0        | 0   | 0      | 260                              | 0                               | 0            | 0              | 1,084           | 910             |
| RAMON RIERA ROCA                  | 392                | 0        | 0   | 0      | 570                              | 0                               | 0            | 0              | 962             | 1,023           |
| TOMÁS DAGÁ GELABERT               | 0                  | 0        | 0   | 0      | 0                                | 0                               | 0            | 0              | 0               | 0               |
| ANNA VEIGA LLUCH                  | 100                | 0        | 0   | 0      | 0                                | 0                               | 0            | 0              | 100             | 100             |
| VICTOR GRIFOLS DEU                | 601                | 0        | 0   | 0      | 146                              | 0                               | 0            | 0              | 747             | 564             |
| VICTOR GRIFOLS ROURA              | 965                | 0        | 0   | 0      | 0                                | 0                               | 0            | 0              | 965             | 1.315           |
| MARLA ELIZABETH SALMON            | 100                | 0        | 50  | 0      | 0                                | 0                               | 0            | 0              | 150             | 150             |
| THOMAS GLANZMANN                  | 0                  | 0        | 0   | 0      | 0                                | 0                               | 0            | 844            | 844             | 939             |
| STEVEN MAYER                      | 100                | 0        | 25  | 0      | 0                                | 0                               | 0            | 0              | 125             | 125             |

**Observations:** it is worth noting that Carina Szpilka Lázaro held the position of Chairperson of the Audit Committee starting March 2018 onwards, reason why she and her predecessor in such position (Belén Villalonga) have both received as remuneration the amount corresponding to the proportion of time they occupied the position of Chairperson. Also, the total remuneration perceived by Mr. Thomas Glanzmann corresponds with the provision of consultancy services to the Company. Mr Glanzmann has vast experience and is well-known in the sector, which is why his services were requested by the Company

- ii) Chart showing the movements in the remuneration systems based on shares and gross benefit from consolidated shares or financial instruments.

| Name                 | Name of scheme | Financial instruments at the beginning of the financial year 2018 |            | Financial instruments granted during the financial year 2018 |               | Financial instruments consolidated during the financial year |                            |                 |   | Instruments expired and not exercised | Options at the end of the financial year 2018 |                    |               |
|----------------------|----------------|---|------------|--|---------------|--|----------------------------|-----------------|---|---------------------------------------|---|--------------------|---------------|
|                      |                | No. of instruments  | No. Shares | No. of instruments   | No. of Shares | No. of options   | No. of Shares consolidated | Price of shares | Gross Benefit of the consolidated shares (thousands of €) |                                       | No. of options                                | No. of instruments | No. of Shares |
| Raimon Grifols Roura | RSU            | 32,305  | 32,305     |  |               |  |                            |                 |   |                                       |   | 32,305             | 32,305        |
| Ramón Riera Roca     | RSU            | 50,929  | 50,929     |  |               | 27,177   | 27,177                     | 17,50           | 476   |                                       |   | 23,752             | 23,752        |
| Victor Grifols Deu   | RSU            | 25,359  | 25,359     |  |               | 2,535  | 2,535                      | 17,50           | 44  |                                       |   | 22,824             | 22,824        |

|                                     |     |        |        |  |  |        |        |       |     |  |        |        |
|-------------------------------------|-----|--------|--------|--|--|--------|--------|-------|-----|--|--------|--------|
| <b>Victor<br/>Grifols<br/>Roura</b> | RSU | 68,471 | 68,471 |  |  | 36,862 | 36,862 | 17,50 | 645 |  | 31,609 | 31,609 |
|-------------------------------------|-----|--------|--------|--|--|--------|--------|-------|-----|--|--------|--------|

iii) Long term saving systems – Not applicable

iv) Details of other concepts – Not applicable

b) Remuneration accrued by board members of the company due to them being on boards in other companies of the group

| Name                              | Fixed remuneration | Expense s | Remuneratio n for belonging to committees of the Board | Salary | Short term variable remuneration | Long term variable remuneration | Indemnity | Other concept s | Total year 2018 | Total year 2017 |
|-----------------------------------|--------------------|-----------|--|--------|----------------------------------|---------------------------------|-----------|-----------------|-----------------|-----------------|
| CARINA SZPILKA LÁZARO             | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| IÑIGO SANCHEZ-ASIAÍN MARDONES     | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| BELÉN VILLALONGA MORENÉS          | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| LUIS ISASI FERNÁNDEZ DE BOBADILLA | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| RAIMON GRIFOLS ROURA              | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| RAMON RIERA ROCA                  | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| TOMÁS DAGÀ GELABERT               | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| ANNA VEIGA LLUCH                  | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| VICTOR GRIFOLS DEU                | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| VICTOR GRIFOLS ROURA              | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| MARLA ELIZABETH SALMON            | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| THOMAS GLANZMANN                  | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |
| STEVEN MAYER                      | 0                  | 0         | 0  | 0      | 0                                | 0                               | 0         | 0               | 0               | 0               |

- c) **Summary of compensations (in thousands of €):** The amounts corresponding to all remuneration concepts included in this report that have been accrued by the board member must be included in the summary, in thousands of euro.

| Name                              | Compensation accrued in the Company |                                   |                              |                                       | Compensation accrued in the group's companies |                                   |                                   |                           |
|-----------------------------------|-------------------------------------|-----------------------------------|------------------------------|---------------------------------------|---|-----------------------------------|-----------------------------------|---------------------------|
|                                   | Total remuneration in cash          | Gross profit of options exercised | Savings systems remuneration | Total financial year 2018 for company | Total remuneration in cash                    | Gross profit of options exercised | Gross profit of options exercised | Total financial year 2018 |
| CARINA SZPILKA LÁZARO             | 146                                 | 0                                 | 0                            | 146                                   | 0   | 0                                 | 0                                 | 0                         |
| IÑIGO SANCHEZ-ASIAÍN MARDONES     | 150                                 | 0                                 | 0                            | 150                                   | 0   | 0                                 | 0                                 | 0                         |
| BELÉN VILLALONGA MORENÉS          | 129                                 | 0                                 | 0                            | 129                                   | 0   | 0                                 | 0                                 | 0                         |
| LUIS ISASI FERNÁNDEZ DE BOBADILLA | 125                                 | 0                                 | 0                            | 125                                   | 0   | 0                                 | 0                                 | 0                         |
| RAIMON GRIFOLS ROURA              | 1,084                               | 0                                 | 0                            | 1,084                                 | 0   | 0                                 | 0                                 | 0                         |
| RAMON RIERA ROCA                  | 962                                 | 476                               | 0                            | 1,438                                 | 0   | 0                                 | 0                                 | 0                         |
| TOMÁS DAGÁ GELABERT               | 0                                   | 0                                 | 0                            | 0                                     | 0   | 0                                 | 0                                 | 0                         |
| ANNA VEIGA LLUCH                  | 100                                 | 0                                 | 0                            | 100                                   | 0   | 0                                 | 0                                 | 0                         |
| VICTOR GRIFOLS DEU                | 747                                 | 44                                | 0                            | 791                                   | 0   | 0                                 | 0                                 | 0                         |
| VICTOR GRIFOLS ROURA              | 965                                 | 645                               | 0                            | 1,610                                 | 0   | 0                                 | 0                                 | 0                         |
| MARLA ELIZABETH SALMON            | 150                                 | 0                                 | 0                            | 150                                   | 0   | 0                                 | 0                                 | 0                         |
| THOMAS GLANZMANN                  | 844                                 | 0                                 | 0                            | 844                                   | 0   | 0                                 | 0                                 | 0                         |
| STEVEN MAYER                      | 125                                 | 0                                 | 0                            | 125                                   | 0   | 0                                 | 0                                 | 0                         |
| <b>TOTAL</b>                      | <b>5,527</b>                        | <b>1,165</b>                      | <b>0</b>                     | <b>6,692</b>                          | <b>0</b>                                      | <b>0</b>                          | <b>0</b>                          | <b>0</b>                  |

**Observations:** In 2018 Mr. Ramón Riera Roca received his variable remuneration of year 2017 in cash, not in RSU.

## **D. OTHER INFORMATION OF INTEREST**

If there are any other relevant aspects in this area, which are related to board member remuneration, that may have not been included in the other sections of this report, but which may necessarily have to be included to have more complete and reasoned information on the remuneration structure and practices of the company in relation to its board members, detail these briefly.

- (1) Mr. Ramón Riera Roca has held the position of executive member until 30 June 2018, when he retired from the Company. Therefore, since his retirement his category has changed to "other external directors".
- (2) Section (C)1(a)(i), under heading "Total financial year 2018", includes the total amount paid to a director as fixed and variable remuneration in cash.
- (3) Concerning the remuneration of the non-executive Chairman, it is important to provide a detailed explanation of the content of the charts included in sections (C)1(a)(i) and (C) 1(c):
  - As has been repeatedly specified in this report, during financial year 2018, the non-executive Chairman received a remuneration of 965 (in thousands of euros), but he did not receive variable remuneration due to his "non-executive" category.
  - However, during financial year 2018, the non-executive Chairman was paid for other concepts that were related to previous financial years in which he had an executive role, and more specifically, in 2018, the RSU allocated during the financial year 2016, which had a vesting period of 2 years and 1 day, vested. Therefore, in 2018 he was awarded Class B shares with an equivalent value of 645 (in thousands of euros).

The above explains why he received a total remuneration of 1,610 (in thousands of euros) in 2018.

- (4) As for the executive directors, it is also necessary to provide a more in-depth explanation of the charts included in sections (C) 1(a)(i) and (C) 1(c):
  - the executive directors have been paid their salary, in addition to a bonus, in cash, as detailed in section (2) above; and
  - In 2018, the RSU of Ramon Riera and Víctor Grifols Deu, directors, which were allocated in financial year 2015 and had a vesting period of 2 years and 1 day, vested. Therefore, in 2018 both of them were awarded Class B shares with an equivalent value of 476 and 44 (in thousands of euros), respectively.
- (5) In 2018 Mr. Ramón Riera Roca received his variable remuneration of year 2017 in cash, not in RSU.

This annual corporate governance report has been approved by the Board of Directors of the company, in its session held on 22/02/2019.

Indicate whether any of the board members have voted against, or have abstained, in relation to the approval of this Report.

YES

NO