

**ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS
OF LISTED PUBLIC LIMITED COMPANIES**

ISSUER IDENTIFICATION DATA

ACCOUNTING REFERENCE DATE	31/12/2020
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CIF	A-58389123
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CORPORATE NAME
GRIFOLS, S.A.

REGISTERED OFFICE
JESÚS Y MARIA, 6 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, certain information may be included by referring to the remuneration policy approved by the general shareholders' meeting, provided that the inclusion 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 General Shareholders' Meeting held on 9 October 2020 is the remuneration policy applied for the current financial year (2021). 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 the interests of its shareholders, and to always strictly comply with the applicable best practices and any regulations on matters related to the remuneration of directors in listed companies. While the Annual Report on Remuneration for the financial year 2019, approved in February 2020 by the Board, mentioned that an increase in the remuneration received by the directors in their capacity as such, by those who chair the different Board committees, by the lead independent director and by the non-executive Chairman, would be proposed by the Board at the Ordinary General Shareholders' Meeting of the financial year 2020, finally, in 2020 the Board itself agreed not to submit such proposal to the General Shareholders' Meeting. Consequently, the remunerations have been maintained and no increase in the remuneration received by the directors has been approved in an exercise of prudence taking into account the situation caused by the global COVID-19 pandemic.

The new directors' remuneration policy approved at the aforementioned General Shareholders' Meeting is substantially the same policy as the one which has been in force during financial year 2017 to 2020 inclusive, and will be in force for the next three financial years following the year in which it is approved (that is, until 2023, included), unless expressly modified by the General Shareholders' Meeting. The policy, among other principles and foundations, seeks to remunerate directors in an appropriate manner in accordance with their dedication, qualification and effective responsibility, while endeavouring not to be an obstacle to their independence.

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 financial years following the year it is approved, the directors' remuneration policy, which shall necessarily determine the maximum amount of the annual remuneration to be paid to all the 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 or their membership to Board committees 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 determined 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.

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 executive directors, as well as the individual remuneration and other contractual terms regarding the executive directors, ensuring its fulfilment and (ii) periodically reviewing the payment programmes of executive officers, considering their adequacy and performance. The Appointments and Remuneration Committee met on 9 December 2020 to review the Company's remuneration policy to be applied in the current financial year. At the proposal of this Committee, the policy was previously reviewed by the Human Resources Department, which compared the policy followed by the Company with other similar companies, and was subsequently approved by the Board of Directors.

In accordance with Grifols' remuneration policy, in financial year 2020 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 ("2020 Mercer Life Sciences Survey" and "2020 Mercer Total Remuneration Survey"). In Spain, the salary surveys used have been the ones carried out by the consultancy firm Willis Towers Watson ("2020 Pharmaceutical and Health Sciences Compensation Survey"). In North America the salary surveys used have been the ones carried out by the consultancy firm Randford ("Global Life Sciences" and "Global Sales Survey"). Based on this analysis, the Human Resources Department, the Appointments and Remuneration Committee and the Board of Directors came to the conclusion that, in general terms, Grifols' remuneration is moderate.

In order to determine the remuneration for the current financial year no external advice has been sought. In 2020, the external advisor Russel Reynolds carried out a comparative study of the remuneration received by the directors in their capacity as such, by those who chair the different Board committees, by the lead independent director and by the non-executive chairman. The conclusions of the analysis have led the Appointments and Remuneration Committee to propose to the Board of Directors, which approved them, certain modifications to the remuneration policy. However, as indicated, the Board finally agreed not to propose such modifications to the General Shareholders' Meeting in an exercise of prudence taking into account the situation caused by the global COVID-19 pandemic.

- **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 and consolidated, or if a clause has been agreed to in relation to reducing the differed remuneration not yet consolidated or that forces a director to return any amounts received, when such remunerations were based on data which was later proved to be inaccurate.

Only the remuneration system of the executive directors consists of a fixed remuneration, which aims to reward the performance of executive duties, and a variable remuneration, which aims to reward 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 to obtain a variable amount in relation to their remuneration. Hence, the remuneration of the executive directors consists of a fixed amount and a variable amount, being possible for the latter to reach a maximum amount of 65% of the annual fixed remuneration, in accordance with the Company's current remuneration policy.

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

On the other hand, 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 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 and 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). 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 annual fixed 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 scheme calendar for the variable remuneration plan to be applied to the executive directors of Grifols is the following:

- At the end of February each year, the Board of Directors prepares the annual accounts corresponding to the previous financial 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 at the Company's Ordinary General Shareholders' Meeting held on 9 October 2020, which is applicable for the next three financial years following the year in which it is approved (that is, until 2023, included), the amount of the annual fixed remuneration for the current financial year amounts to €100,000 for each of the members of the Board of Directors who are non-executive directors, with the exception of those non-executive directors that are rendering professional remunerated services to the Company or the Group during such financial year.

Additionally, the directors that are members of any of the Board of Directors' committees (the Audit Committee, the Appointments and Remuneration Committee and the newly created Sustainability Committee) should each receive an additional gross annual remuneration of €25,000 as a result of having a heavier workload (thus, the total remuneration should amount to €125,000). Likewise, the directors that chair each Board of Directors' Committee should receive an additional €25,000 for performing their duties as chairperson (thus, the total remuneration should amount to €150,000). The lead independent director should receive an additional €50,000 for performing his duties (thus, his total remuneration should amount to €150,000). Under no circumstances, shall the remuneration of a non-executive director exceed €150,000 per year for the performance of his duties as director.

Non-executive Chairman

The remuneration of the Chairman of the Board of Directors of the Company during the current financial year should be an annual fixed amount of €965,000 in accordance with the Company's remuneration policy. The Chairman's remuneration has been determined taking into account his proven experience as director and Chairman of the Company, in addition to his knowledge in the sector in which the Company operates.

When deciding Mr. Grifols Roura's remuneration, the additional duties that he shall perform, on top of 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 (i) the internal functioning of the Board of Directors itself, (ii) in collaboration with the Chief Executive Officers, the encouragement to the Board of Directors in developing and ensuring that the appropriate strategy for Grifols 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. In addition, an analysis has been carried out to be in line with the remuneration that non-executive chairpersons receive in similar companies in terms of market capitalization and the sector in which they operate.

As stated above, while the Annual Report on Remuneration for the financial year 2019, approved in February 2020 by the Board, mentioned that an increase in the remuneration received by the directors in their capacity as such, by those who chair the different Board committees, by the lead independent director and by the non-executive Chairman, would be proposed by the Board at the Ordinary General Shareholders' Meeting of the financial year 2020, finally, in 2020 the Board itself agreed not to submit such proposal to the General Shareholders' Meeting. Consequently, the remuneration received by the directors in their capacity as such and which has been in force since 2012 has been maintained. Further, both the remunerations received by the directors who chair the different Board committees and by the lead independent director which have been in force since 2015 have been maintained, as well as the remuneration received by the non-executive Chairman which has been in force since 2016. No increase in the remuneration received by the directors has been approved in an exercise of prudence taking into account the situation caused by the global COVID-19 pandemic.

- **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 (2021), 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 Co-Chief Executive Officers has been determined taking into account the remuneration paid to analogous roles in comparable companies, based on the comparative analysis carried out by Grifols' Human Resources Department, as proposed by the Appointments and Remuneration Committee.

The amount of fixed remuneration for the current year is €895,000 for each of the Co-Chief Executive Officers. Such remuneration has not been increased compared to the previous financial year, due to the expenses' contingency plan implemented by the Company as a result of COVID-19.

- **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 effective degree of accomplishment of the parameters used when designing the variable remuneration, explaining the applicable criteria and factors in terms of the required time and methods for verifying that the performance conditions or any other to which the accrual was linked to have been effectively met.**

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 (2021), there are 2 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 analogous roles with similar responsibility. Said 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, as follows: (i) 70% to the consolidated and 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).

It should be noted that, in accordance with the applicable scheme calendar for the variable

remuneration of Grifols' executive directors described above, as of the date of this report, the Board of Directors has prepared the annual accounts for the financial year 2020, being therefore possible to already determine the degree of accomplishment of the objectives that give rise to the payment of the executive directors' variable remuneration, which will be payable in March 2021. The degree of accomplishment of the objectives set for has only reached a degree of accomplishment greater than 90% in the Diagnostic and Bio Supplies divisions. Therefore, in accordance with the applicable remuneration policy, the right to receive the variable remuneration would only have been accrued for an amount corresponding to 9.75% of the annual fixed remuneration (if all the objectives had been accomplished, the variable remuneration would have reached a maximum of 65% of the annual fixed remuneration). The executive directors will receive the corresponding part of this amount in March 2021, according to the scheme calendar explained above.

The EBIT shows the evolution of the Company's business, including all its business divisions, and more specifically the result it has obtained (before discounting interests and taxes). Therefore, it is considered as the most adequate metric 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 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 achieving the EBIT. As mentioned above, this metric 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. 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.

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 2019, the latest published by the CNMV, all IBEX-35 companies have 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 longer-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 on 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 to 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 is 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 agreed arrangements, such as exclusivity, post contractual non concurrence and permanency or loyalty, which would give a board member a right to any type of consideration.

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 as a replacement of the notification period referred to above, and any other clauses related to contractual bonuses, compensation or golden parachute as a result of the early termination or termination of the contractual relationship between the company and an executive director. Include, among others, any arrangements of non-concurrence, exclusivity, permanency or fidelity, and post contractual non-competence, unless already explained in the above section.**

The contracts of the 2 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 5 years of salary. This compensation would only apply in case a change of control occurs. The compensation in case of termination due to the Company's will or due to a change in the general management of the Company would be equivalent to 2 years of salary, which is in line with termination compensations established in similar companies.

Takeover indemnities (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 companies, which calculate such concept on the basis of 2 years, but could lead to the payment of a higher amount. This is due to the fact that the remuneration of Grifols' top managers is moderate, especially when compared in terms of stock exchange capitalization. It is worth noting that the remuneration of the executive directors is lower than the average of the IBEX-35 companies. Furthermore, the amount is considered reasonable given that the contracts include non-competition clauses for a period of 1 year. Additionally, the characteristics of the hemoderivatives industry in which the company operates, and which has 3 main players, has led 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 1 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 results required for its accrual were not achieved, or (ii) it had been paid based on data that was later proved to be inaccurate.

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

N/A

A.2. Explain any relevant change 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.**

The Ordinary General Shareholders' Meeting, approved on its meeting held on 9 October 2020 the remuneration policy to be applied to the financial years 2021, 2022 and 2023.

While the Annual Report on Remuneration for the financial year 2019, approved in 21 February 2020 by the Board, mentioned that an increase in the remuneration received by the directors in their capacity as such, by those who chair the different Board committees, by the lead independent director and by the non-executive Chairman, would be proposed by the Board at the Ordinary General Shareholders' Meeting of the financial year 2020, finally, both the Appointments and Remuneration Committee and the Board agreed not to submit such proposal to the General Shareholders' Meeting and the remunerations in force during the previous three financial years were therefore maintained.

In line with the above, the Appointments and Remuneration Committee has deemed it appropriate to maintain the amounts of the current remuneration policy and only modify, with respect to executive directors and their variable remuneration, the parameter for determining the achievement of the Company's objectives, which will now be linked as follows: (i) 70% to the consolidated and 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). Thus, the Remuneration Policy, except for the above and for some improvements and corrections to the wording proposed by the Appointments and Remuneration Committee, is substantially the same policy approved by the Ordinary General Shareholders' Meeting of Grifols on 26 May 2017 and which has been in force during the financial years 2018, 2019 and 2020.

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.

[Microsoft Word - 008. Política de remuneraciones de los consejeros \(EN\).DOCX \(grifols.com\)](#)

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

The Company has analysed the shareholders' vote at the last General Shareholders' Meeting, as well as the different comments received by the proxy advisors, in order to introduce improvements to align itself with the interests of its stakeholders. Grifols maintains a direct and continuous interaction with its shareholders and proxy advisors and internally analyses all the comments and suggestions received. It should be noted that Grifols hires the services of the international consulting firm Morrow Sodali on corporate governance issues on an annual basis.

B. GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE FINANCIAL YEAR ENDED 31/12/2020

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.

The Company's remuneration policy applied during the financial year ended 31 December 2020 is the one approved by the Company's Ordinary General Shareholders' Meeting held on 26 May 2017.

Regarding the process followed to apply the Company's remuneration policy to the financial year ended 31 December 2020, it should be highlighted that the Appointments and Remuneration Committee met on 13 December 2019 to review the Company's remuneration policy for financial year 2020. 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 comparable 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 the 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 at that time that Grifols' remuneration policy was moderate and adequate.

Likewise, during the meeting of the Board of Directors, held on 13 December 2019, 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 Company's remuneration policy 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 annual fixed remuneration, in accordance with the applicable remuneration policy for the financial year 2020. 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 Company's Group as a whole, taking as a reference the consolidated EBIT. If the degree of achievement of such objectives 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.

B.3. 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 2020 strictly complies with the Company's remuneration policy 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 Company's 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. It is worth mentioning that the percentage applicable to the variable remuneration paid during financial year 2020 and related to the EBIT of 2019 reached a high percentage (64.60%) as a result of accomplishing 99.38% of the objectives determined by the Company for financial year 2019.

It should be noted that, in accordance with the applicable scheme calendar for the variable remuneration of Grifols' executive directors described above, as of the date of this report, the Board of Directors has prepared the annual accounts for the financial year 2020, being therefore possible to already determine the degree of accomplishment of the objectives that give rise to the payment of the executive directors' variable remuneration, which will be payable in March 2021. The degree of accomplishment of the objectives set for has only reached a degree of accomplishment greater than 90% in the Diagnostic and Bio Supplies divisions. Therefore, in accordance with the applicable remuneration policy, the right to receive the variable remuneration would only accrue for an amount corresponding to 9.75% of the annual fixed remuneration (if all the objectives had been accomplished, the variable remuneration would have reached a maximum of 65% of the annual fixed remuneration). The executive directors will receive the corresponding part of this amount in March 2021, according to the scheme calendar explained above.

B.4. Report on the result of the consultative vote at the general shareholders' meeting on the previous year's annual remuneration report, indicating the number of negative votes cast, if any:

	Number	% of total
Issued Votes	313,608,974	73.59

	Number	% of total
Negative votes	81,329,943	25.93
Votes in favour	231,946,057	73.96
Abstention	332,974	0.11

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 2020 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 in favour of each member of the Board of Directors who are non-executive directors, with the exception of those non-executive directors that are rendering professional remunerated services to the Company or the Group during such financial year, and those mentioned later in this section.

The directors that are members of any of the Board of Directors' 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 annual fixed remuneration of the directors who also served as members of a committee amounted to €125,000. Although the Sustainability Committee was established on 11 December 2020, it should be noted that its members did not receive any remuneration for being part of the Committee during the year, as the Committee did not meet during 2020 and its members were unable to effectively perform their duties.

Likewise, the directors that chair each Board of Directors' Committee received an additional annual amount of €25,000, again as a result of a heavier workload in relation to the rest of the committee members. Therefore, the amount of their annual fixed remuneration amounted to €150,000.

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

The remuneration of the Chairman of the Board of Directors of the Company for the financial year ended 31 December 2020 consisted of an annual fixed amount of €965,000. 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 in which the Company operates.

When determining Mr. Grifols Roura's remuneration, the additional duties that he performed, on top of 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 (i) the internal functioning of the Board of Directors itself, (ii) in collaboration with the Chief Executive Officers, the encouragement to the Board of Directors in developing and ensuring that the appropriate strategy for Grifols 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.

In particular:

- **Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the financial year ended, including information on their scope, their date of approval, their date of incorporation, their conditions for consolidation where appropriate, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated, explaining the applicable criteria and factors in terms of required time and methods to verify that the performance conditions or any other to which the accrual and consolidation of each component of the variable remuneration that was linked to have been effectively met.**

In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.

- **Each one of the directors, together with their category (executive directors, proprietary directors, independent directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.**
- **As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, in case they exist.**

Explain the short-term variable components of the remuneration systems.

Only executive directors receive the variable component and, as such, they have an employment (or, where applicable, commercial) relationship with the Company.

During financial year 2020, 2 executive directors received an annual variable remuneration derived from their employment relationship (or, where applicable, commercial relationship) with the Company, i.e. the 2 Co-Chief Executive Officers.

The percentage of the variable remuneration is subject to achieving the Company's annual objectives, following common practices of similar companies for analogous roles with similar responsibility. Said objectives are determined annually and are approved by the Appointments and Remuneration Committee. The objectives are linked to the performance of the Company's 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 business divisions, and more specifically the result it has obtained (before discounting interests and taxes). Therefore, it is considered as the most adequate metric 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 previously 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 of the EBIT. As mentioned above, this metric 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 determined objectives, the variable remuneration 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 paid during financial year 2020 and related to the EBIT of 2019 reached a high percentage (64.60%) as a result of accomplishing 99.38% of the objectives determined by the Company for financial year 2019.

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

- At the end of February each year, the Board of Directors prepares the annual accounts corresponding to the previous financial 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.

Explain the long-term variable components of the remuneration systems.

N/A

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 (malus) or clawback clauses, why were they 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 of the contract, 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 contracts 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 contracts 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

B.14. 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

B.15. 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 his services, whenever the purpose of said payments is to remunerate the services of said director in the company.

N/A

B.16. 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

Name	Type	Accrued period during financial year 2020
Mr. Tomás Dagá Gelabert	Other External director	From 01/01/2020 to 31/12/2020
Mr. Thomas Glanzmann	Other External director	From 01/01/2020 to 31/12/2020
Mr. Raimon Grifols Roura	Chief Executive Officer	From 01/01/2020 to 31/12/2020
Mr. Ramón Riera Roca	Other External director	From 01/01/2020 to 31/12/2020
Mr. Víctor Grifols Roura	Proprietary Chairman	From 01/01/2020 to 31/12/2020
Mr. Víctor Grifols Deu	Chief Executive Officer	From 01/01/2020 to 31/12/2020
Ms. Belén Villalonga Morenés	Independent director	From 01/01/2020 to 31/12/2020
Mr. Luis Isasi Fernández de Bobadilla	Independent director	From 01/01/2020 to 09/10/2020
Ms. Carina Szpilka Lázaro	Independent director	From 01/01/2020 to 31/12/2020
Ms. Marla Elizabeth Salmon	Independent director	From 01/01/2020 to 31/12/2020
Mr. Steven Mayer	Independent director	From 01/01/2020 to 31/12/2020
Mr. Íñigo Sánchez-Asiaín Mardones	Independent director	From 01/01/2020 to 31/12/2020
Ms. Enriqueta Felip Font	Independent director	From 01/01/2020 to 31/12/2020
Mr. James Costos	Independent director	From 09/10/2020 to 31/12/2020

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 €)

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Name	Fixed remuneration	Allowances	Remuneration for belonging to committees of the Board	Salary	Short term variable remuneration	Long term variable remuneration	Compensations	Other concepts	Total year 2020	Total year 2019
TOMÁS DAGÀ GELABERT										
THOMAS GLANZMANN	100								100	320
RAIMON GRIFOLS ROURA	895				276				1,171	1,107
RAMON RIERA ROCA	100								100	100
VICTOR GRIFOLS ROURA	965								965	965
VICTOR GRIFOLS DEU	895				276				1,171	1,038
BELÉN VILLALONGA MORENÉS	100		25						125	125
LUIS ISASI FERNÁNDEZ DE BOBADILLA	75		19						94	125
CARINA SZPILKA LÁZARO	100		50						150	150
MARLA ELIZABETH SALMON	100		50						150	150
STEVEN MAYER	100		25						125	125
ÍÑIGO SÁNCHEZ-ASIAÍN MARDONES	100		50						150	150
ENRIQUETA FELIP FONT	100								100	50
JAMES COSTOS	25		6						31	

Observations: The short term variable remuneration of the executive directors corresponds with the achievement of the objectives set for 2019 and which has been paid during the year 2020.

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 2020		Financial instruments granted during the financial year 2020		Financial instruments consolidated during the financial year 2020				Instruments expired and not exercised	Financial instruments at the end of the financial year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of consolidated shares	Gross profit on consolidated shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Raimon Grifols Roura	RSU	44,059	44,059	20,422	20,422	22,341	22,341	15.28	341	0	42,140	42,140
Victor Grifols Deu	RSU	28,381	28,381	20,422	20,422	12,567	12,567	15.28	192	0	36,236	36,236

iii) Long-term saving systems

There are no long-term saving systems.

iv) Details of other items

There are no other items.

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

i) Compensation in cash (in thousands of €)

There are no compensation in cash.

ii) Share-based payment systems

There are no share-based payment systems.

iii) Long-term savings schemes

There are no long-term saving schemes.

iv) Other concepts (in thousands of euros)

There are no other concepts.

c) Summary of compensations (in thousands of euros):

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 euros.

Name	Compensation accrued in the Company					Compensation accrued in the group's companies					Total financial year 2020 company and group
	Total remuneration in cash	Gross profit on consolidated shares or financial instruments	Savings systems remuneration	Remuneration for other concepts	Total financial year 2020 company	Total remuneration in cash	Gross profit on consolidated shares or financial instruments	Savings systems remuneration	Remuneration for other concepts	Total financial year 2020 group	
TOMÁS DAGÁ GELABERT											
THOMAS GLANZMANN	100				100						100
RAIMON GRIFOLS ROURA	1,171	341			1,512						1,512
RAMON RIERA ROCA	100				100						100

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VICTOR GRIFOLS ROURA	965				965						965
VICTOR GRIFOLS DEU	1,171	192			1,363						1,363
BELÉN VILLALONGA MORENÉS	125				125						125
LUIS ISASI FERNÁNDEZ DE BOBADILLA	94				94						94
CARINA SZPILKA LÁZARO	150				150						150
MARLA ELIZABETH SALMON	150				150						150
STEVEN MAYER	125				125						125
ÍÑIGO SÁNCHEZ-ASIAÍN MARDONES	150				150						150
ENRIQUETA FELIP FONT	100				100						100
JAMES COSTOS	31				31						31
TOTAL	4,432	533			4,965						4,965

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) It is worth mentioning that Mr. James Costos was appointed as independent director of the Company by the Ordinary General Shareholders' Meeting on 9 October 2020, date on which Mr. Luis Isasi Fernández de Bobadilla also ceased to be a member of the Board of Directors of the Company when the General Shareholders' Meeting was notified of his non re-election as a member of the Board of Directors due to the expiry of his term of office. Therefore, both directors have received the proportional part of their remuneration as directors in the period of 2020 in which they held the position.
- (2) The total amount received by the director as fixed and variable remuneration in cash has been included in section (C)1(a)(i), under the section "Total year 2020".
- (3) It is important to provide a more detailed explanation on the content of the tables in paragraphs (C)1(a)(i) and (C) 1(c) relating to the executive directors:
 - the executive directors have received their salary, in addition to their bonus, in cash, as explained in section (2) above; and
 - during financial year 2020, the RSU allocated during the financial year 2018, which had a vesting period of 2 years and 1 day, vested. Therefore, in 2020 they were awarded Class B shares with an equivalent value of 341 and 192 (in thousands of euros), respectively.

This annual remuneration report has been approved by the Board of Directors of the company, in its meeting held on 19/02/2021.

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

YES

NO