

## GRIFOLS, S.A.

### REPORT ON THE FUNCTIONING OF THE APPOINTMENTS AND REMUNERATION COMMITTEE DURING FISCAL YEAR 2019

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#### I. Introduction

The Appointments and Remuneration Committee of Grifols, S.A. (the "Company" or "Grifols") was set up in 2004 in accordance with the international good governance principles and later in compliance with Law 31/2014, of 3 December, by virtue of which all companies issuing securities, whose shares or stocks have been admitted to trade on official secondary securities markets must have an Appointments and Remuneration Committee.

Since then, the legal regime governing Appointments and Remuneration Committees has been expanded and developed through the Royal Legislative Decree 1/2010, of 2 July, which approves the text of the Companies Law and the principles and practices on Corporate Governance.

The regulation of the composition, performance and organization of Grifols' Appointments and Remuneration Committee is established in the applicable Law, the Company's Articles of Association, the Company's Board of Directors' Regulation and the Technical Guide 1/2019 of the CNMV regarding appointments and remuneration committees. In this sense, Grifols, with the aim to comply and apply the best practices and principles on Corporate Governance matters, has incorporated the applicable legal regime to its Appointments and Remuneration Committee.

This report has been prepared by the Appointments and Remuneration Committee of Grifols on its meeting held on 13 December 2019 and it includes the most relevant aspects of the activities carried out during year 2019, as well as details on its structure and main responsibilities.

#### II. Composition

In accordance with the applicable regulations, all the members of the Appointments and Remuneration Committee of Grifols are non-executive directors, of which at least two are independent directors. Besides, the Chairperson is also an independent director.

Since 27 May 2016 the composition of the Appointments and Remuneration Committee is as follows:

Name	Position	Type
Ms. Marla E. Salmon	Chairperson	Independent
Mr. Luís Isasi Fernández de Bobadilla	Member	Independent
Mr. Tomás Dagá Gelabert	Member	Other External
Ms. Núria Martín Barnés	Secretary (non-member)	--

In accordance with the recommendations set forth in the Technical Guide 1/2019 of the CNMV regarding appointments and remuneration committees, the members of the Appointments and Remuneration Committee have been designated based on their diversity, particularly for their gender, professional experience, sectorial skills and knowledge and geographical origin, all of which encourages different points of view and diverse positions.

The professional profile of the members of the Appointments and Remuneration Committee can be found on Grifols' website.

### **III. Responsibilities**

The Company's Articles of Association and the Board of Directors' Regulations confer to the Appointments and Remuneration Committee the following basic responsibilities:

- (a) to formulate and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates, taking into account their competence, knowledge and experience necessary on the Board, specifying the duties and aptitudes that each candidate must have in case of vacancies in addition to assessing the time and commitment needed to perform their duties effective and efficiently;
- (b) to establish a representation target for the sex that is least represented in the Board of Directors and prepare guidelines to achieve said target;
- (c) to submit to the Board of Directors any proposals to appoint, re-elect and/or separate the independent directors prior to being submitted to the General Shareholders' Meeting or, as the case may be, being adopted by the Board exercising its power of co-option, and in all cases informing about the character of the director proposed;
- (d) to report the proposals of appointment, re-election and/or separation of the non-independent directors for their appointment by the Board of Directors by means of co-option or their submission to the General Shareholders' Meeting by the Board of Directors;
- (e) to report the proposals of appointment and removal of the Chairperson and Vice-chairpersons of the Board of Directors;
- (f) to examine and organize the succession of the Chairperson of the Board of Directors and the chief executive officer and, as the case may be, to make proposals to the Board so that said succession takes place in an orderly and well planned manner;
- (g) to report the proposals of appointment and resignation of the Secretary and Vice-Secretaries of the Board of Directors;
- (h) to report the proposal of appointment and removal of senior management proposed by the chief executive officer to the Board and the basic conditions of their contracts;

- (i) to propose to the Board the Directors the directors who shall be part of each of the Committees;
- (j) to propose to the Board of Directors the remuneration policy of the directors and general managers or anyone performing top-level management duties under the direct supervision of the Board, executive committees or executive directors, as well as the individual remuneration and other contractual terms regarding the executive directors, ensuring its fulfilment;
- (k) to periodically review the payment programmes of executive officers, considering their adequacy and performance; and
- (l) to report on the transactions that imply or could imply conflicts of interest and, in general, on matters covered in Chapter IX of the Board of Directors' Regulations.

#### **IV. Meetings and Activities**

During fiscal year 2019 this Committee met on 5 occasions, specifically on the following dates:

- 22 February 2019;
- 3 April 2019;
- 24 May 2019;
- 24 October 2019; and
- 13 December 2019.

During the meetings its members discussed and, when applicable, approved different matters related to their main responsibilities, in accordance with the applicable Law, the Company's Articles of Association, the Board of Directors' Regulations, the Unified Good Governance Code of Listed Companies and the Technical Guide 1/2019 of the CNMV regarding appointment and remuneration committees.

The most relevant events that took place during the referred fiscal year 2019 are detailed below:

- Approval of the annual remuneration report corresponding to the fiscal year 2018;
- Approval of the directors' selection and diversity policy;
- Drafting of the report on the prior analysis of the Board of Directors' needs;
- Pre-selection of candidates to appoint a new independent member of the Board of Directors;
- Proposal to the Board of Directors to appoint Ms. Enriqueta Felip Font as independent member of the Board of Directors and approval not to propose to the Board of Directors the re-election of Ms. Anna Veiga Lluch as independent member of the Board in order to comply with the Spanish Companies Act, which establishes that an independent director cannot continue holding such position should he or she have served as such for more than 12 years;

- Proposal to the Board of Directors to re-elect Mr. Íñigo Sánchez-Asiaín Mardones as independent member of the Board of Directors;
- Proposal to the Board of Directors to re-elect Ms. Carina Szpilka Lázaro as independent member of the Board of Directors;
- Drafting of the report on the re-election of Mr. Raimon Grifols Roura and Mr. Tomás Dagá Gelabert as non-independent members of the Board of Directors;
- Proposal to the Board of Directors to re-elect Ms. Carina Szpilka Lázaro as member and Chairperson of the Audit Committee;
- Proposal to the Board of Directors to re-elect Mr. Tomás Dagá Gelabert as member of the Appointments and Remuneration Committee;
- Proposal to the Board of Directors to re-elect Mr. Tomás Dagá Gelabert as Vice-Secretary of the Board of Directors;
- Proposal to the Board of Directors to re-elect Mr. Íñigo Sánchez-Asiaín Mardones as Lead Coordinating Director of the Board of Directors;
- Approval of the evaluation of the Board of Directors to be performed internally;
- Review of the remuneration policy for FY 2020;
- Annual review of the performance of the Committee, the Chairman and CEOs and review and approval of the category of each director; and
- Request to an external expert (Russell Reynolds) to provide an objective study on compensations for independent members of the Board of Directors for FY 2020.

## **V. Date of approval by the Board of Directors**

This report is drawn up by the Appointments and Remuneration Committee on 13 December 2019 and has been approved by Grifols' Board of Directors on its meeting held on 13 December 2019.

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