

28<sup>th</sup> May 2021

Information submitted within the context of the General Shareholders' Meeting in accordance with the provisions of Articles 197, 272 and 520 of the Spanish Capital Companies Act (Ley de Sociedades de Capital); Article 39 of the Regulations of the Board of Directors; and Article 9 of the Regulations of the General Shareholders' Meeting.

## **Questions from DWS Investment GmbH to Grifols' AGM**

- QUESTION 1: We recognized that you have increased the level of transparency and disclosure on your public website in terms of corporate governance and your ESG-related efforts. However, we are still facing issues when it comes to regular analyst calls, depth of financial information and investor interaction with senior management. Could you please provide information on how you plan to take our concerns on that matter into consideration and if you are planning to change your practices in this regard in the future?

*At Grifols, we consider that delivering fluid and transparent communications is crucial, especially in these unprecedented times. In consequence, we have intensified our efforts to ensure a stronger, fluid and continuous dialogue with all our stakeholders.*

*Grifols' Investor Relations (IR) serves as the primary platform for information and communication with our institutional investors, including sell- and buy-side analysts given their role as corporate spokespersons on financial and ESG-related efforts.*

*In reflection of this commitment, IR interactions with analysts and shareholders increased by nearly 30% in 2020 compared to the previous year.*

*The IR team is led by Nuria Pascual, VP Corporate Treasury and Investor Relations Officer, who also forms part of the senior leadership team. The IR team responds to each and every request through diverse channels, from one-on-one meetings to email exchanges. This team also ensures accessibility and open lines of communication by taking part in roadshows and industry conferences.*

*In parallel, Grifols organizes the Investor and Analyst Day, an annual event that offers attendees the opportunity to directly interact and engage with the company's senior management team as well, including CEO's.*

- QUESTION 2: As transparency plays a major role in assessing the governance quality and the board effectiveness and efficiency, we expect companies to disclose the individual attendance of board and committee members. Are you planning to disclose meeting attendance on an individual basis in the near future?

*Individual attendance by Grifols board and committee members is exceptionally high. Using 2020 as an example, the overall attendance rate in board meetings was 99%. In the case of the Audit Committee, membership participation was 94% and 100% in the case of the Appointment and Remuneration Committee, as mentioned in Grifols' Integrated Annual Report (see page 63).*

*Based on members' consistently high participation, Grifols considers it unnecessary to disclose the attendance of individual members.*

- QUESTION 3: Your current audit firm is auditing the firm since 31 years. Could you please provide a reasonable explanation for the long tenure as well as provide transparency regarding the nominating process to ensure an objective and independent auditing process?

# GRIFOLS

*Grifols has grown exponentially in a relatively short period of time. Working with the same external audit firm has allowed the group to avoid incurring additional transition costs and concentrate our efforts on the business, while always guaranteeing independence and objectivity.*

*The Audit Committee releases a report every year outlining its assessment of KPMG's statements of independence, applicable regulations in force, and internal regulations regarding Grifols' corporate governance.*

*As per its evaluations, the Audit Committee concluded that KPMG exercised their duties with sufficient independence in accordance with the provisions of the current Law on Auditing of Accounts.*

*As part of our transition to a new team of external auditors, the Board of Directors submitted to the Annual General Meeting to appoint Deloitte to audit the company's individual annual accounts for a three-year term starting on January 1, 2021. This appointment will comprise the audits of the annual accounts for the fiscal years ended on December 31, 2021, December 31, 2022 and December 31, 2023. Actually, this resolution has been approved by 98.9%.*

- QUESTION 4: Currently, your company does not have a long-term incentive plan. When can we expect the implementation of a clear and detailed long-term incentive plan especially with meaningful and transparent non-financial targets as part of your remuneration policy to ensure an alignment with the long-term targets and strategy of your company?

*Grifols does not have a long-term incentive plan since the executive directors are also long-term shareholders with significant equity in the company. This circumstance, together with their willingness to remain as shareholders, ensures alignment with Grifols' corporate interests and overarching objective to create long-term value in benefit of our investors and shareholders.*

*The 2021-2023 remuneration policy was approved during the 2020 General Shareholders' Meeting. In 2020 the Board of Directors agreed not to propose modifications to the General Shareholders' Meeting in an exercise of prudence taking into account the situation caused by the global COVID-19 pandemic.*

*That said, we continuously reassess our remuneration policy to ensure adherence to best practices.*

*Grifols is very committed to bolstering its ESG-related performance, as seen by the recent creation of the Sustainability Committee. Despite the lack a formal long-term ESG-oriented incentive plan at this point in time, Grifols has been recognized among the world's most sustainable companies, as attested by our inclusion on the Dow Jones Sustainability Index (DJSI) Euro, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120 and the Bloomberg Gender-Equality Index (GEI), among others.*

- QUESTION 5: To what extent have you already integrated non-financial key performance indicators in your remuneration policy? Do you plan to reflect your ambitions stated in your environmental program or your commitments to the UN SDGs in your remuneration structure?

*Please refer to Question 4.*

- QUESTION 6: The current remuneration policy includes termination benefits of five times annual pay for executive directors in a Change-in-Control event, which is deemed excessive from our perspective. Could you please provide a rationale?

*The directors' remuneration policy aims to create value for Grifols and its shareholders.*

*At Grifols, people are considered an essential asset to effectively compete in today's complex and globalized business landscape. For that reason, the company includes these termination benefits in a change-in-control event as part of our loyalty and retention policies. In an industry with only three main players, Grifols opted to adopt a specific policy on termination payments.*

# GRIFOLS

*Termination payments in case of change-of-control are calculated on a five-year basis, which are lower in absolute terms than those of many other companies that calculate this figure on a two-year basis. This five-year basis includes a one-year non-competition clause. Based on this clause, once the employee's contract is terminated, he or she may not render services in companies of a similar nature for a one-year period.*

- QUESTION 7: At your AGM in 2020, the advisory vote on the remuneration policy has been only supported by 74,02% of the votes cast. What steps have you taken to consider the concerns of shareholders who have not supported the remuneration policy?

*The company analyzes the shareholders' vote, as well as the feedback from proxy advisors and other stakeholders in order to introduce improvements that support the interests of its shareholders and stakeholders.*

*Grifols maintains direct and continuous contact with its shareholders and proxy advisors to consider all comments and suggestions received.*

*Actually, Grifols has dedicated considerable efforts in recent years to better explain the company's rationale behind its remuneration policy. As a result, the percentage of support of our remuneration policy from shareholders at our AGM in 2020 increased significantly compared with the previous editions. For instance, in 2017 the remuneration policy was approved by 57.38% vs. 74.02% in 2020.*

*On top of that, the 2020 Directors' Remuneration Reports has been approved by 88.2%.*

- QUESTION 8: Who is responsible for the oversight of environmental, social and governance matters at the board of your company?

*The Sustainability Committee, delegated by Grifols' Board of Directors, establishes the core principles and commitments on environmental and social responsibility in the company's business model and supervise the integration of financial and non-financial information on the ESG*

*The Sustainability Committee is formed by three directors: Thomas Glanzmann, who serves as chairman, Íñigo Sánchez-Asiáin Mardones and Enriqueta Felip Font.*

- QUESTION 9: Your environmental program is focusing on a short-term period from 2020 to 2022. When do you plan on communicating a comprehensive long-term environmental strategy with specific targets for the mid- to long-term horizon?

*As outlined in Grifols' Integrated Annual Reports since 2019, the company has established six environmental commitments for 2030 as part of the priority lines of action of its environmental management strategy.*

*These environmental commitments are as follows:*

- *Reduce greenhouse gas emissions per unit of product by 40%.*
- *Increase energy efficiency per unit of product by 15% by systematically integrating ecoefficiency measures in new projects and existing facilities.*
- *Consume 70% of electricity using renewable energies.*
- *Facilitate the decarbonization of transport in business trips and employee commutes by reducing air travel, carbon offsetting and promoting work-from-home measures, among other initiatives.*
- *Continue to implement circular-economy measures in every stage of the operational life cycle to encourage waste reduction and recovery, as well as optimize the consumption of water, raw materials and intermediate products.*
- *Protect biodiversity on Grifols properties through the Grifols Wildlife Program and promote CO<sub>2</sub> capture.*

# GRIFOLS

- QUESTION 10: What are the explicit steps you plan to take on your path to achieve your GHG reduction targets of your environmental program 2020-2022, with regards to all areas - Scope 1, 2 and 3 emissions? How are you planning to report on your achievements?

***Every year, Grifols summarizes its GHG reduction objectives and their corresponding targets and degrees of fulfillment in its Integrated Annual Report. Please see Grifols 2020 Integrated Annual Report, pp. 214-215, "Compliance with the 2020-2022 Environmental Plan."***

- QUESTION 11: Do you disclose your climate policy lobbying, whether direct or through trade associations, including how it aligns with the Paris Agreement's objectives?

***Grifols does not engage in climate-lobbying practices.***

- QUESTION 12: How do your capital expenditure plans align with your environmental plan and corresponding targets?

***Grifols continues to allocate significant resources to environmental activities as part of its efforts to bolster its environmental performance and advance its 2020-2022 Environmental Program objectives.***

***In 2020, Grifols allocated EUR 23.2 million to minimize its environmental impact, a 6.9% increase over the previous year. Total investment in environmental assets totaled EUR 2.8 million in 2020 compared to EUR 1.9 million in 2019, representing a 55% increase. Forty percent (40%) of this investment was allocated to reduce energy consumption and atmospheric emissions, 33% to the water cycle and more than 18% to waste management.***

***Throughout Grifols' various facilities, 72% of environmental expenditures stem from waste management and 25% from the water cycle. As a result, expenses totaled EUR 20.5 million, an increase from the EUR 19.9 million reported in 2019.***