

## GRIFOLS, S.A.

### REPORT ON THE FUNCTIONING OF THE APPOINTMENTS AND REMUNERATION COMMITTEE DURING FISCAL YEAR 2020

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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 9 December 2020 and it includes the most relevant aspects of the activities carried out during year 2020, 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 has undergone only one change. On 9 October 2020 the Company's Board of Directors unanimously resolved, prior proposal of the Company's Appointments and Remuneration Committee, to appoint Mr. James Costos as new member of the Appointments and Remuneration Committee in substitution of Mr. Luis Isasi Fernández de Bobadilla. Therefore, since then its composition is as follows:

<b>Name</b>	<b>Position</b>	<b>Type</b>
Ms. Marla E. Salmon	Chairperson	Independent

Mr. James Costos	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' corporate website ([www.grifols.com](http://www.grifols.com)).

### 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;
- (l) to report to the Board the results of the annual evaluation on the performance of the Board, the Chairperson of the Board, the chief executive officers of the Company and the performance of the Committees; and
- (m) 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 2020 this Committee met on 5 occasions, specifically on the following dates:

- 21 February 2020;
- 21 July 2020;
- 8 October 2020;
- 22 October 2020; and
- 9 December 2020.

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 2020 are detailed below:

- Approval of the annual remuneration report corresponding to the fiscal year 2019;
- Approval of the proposal of the non-executive directors' remuneration;
- Proposal not to re-elect Mr. Luis Isasi Fernández de Bobadilla as independent member of the Board of Directors due to expiration of his term.
- Drafting of the report on the prior analysis of the Board of Directors' required competences;

- Proposal to the Board of Directors to appoint Mr. James Costos as independent member of the Board of Directors;
- Proposal to the Board of Directors to re-elect Mr. Steven F. Mayer as independent member of the Board of Directors;
- Drafting of the report on the re-election of Mr. Victor Grifols Deu and Mr. Thomas Glanzmann as non-independent members of the Board of Directors;
- Drafting of the report on the proposal of the director Remuneration Policy;
- Proposal to the Board of Directors to re-elect Mr. Thomas Glanzmann as Vice-Chairman of the Board of Directors;
- Proposal to the Board of Directors to re-elect Mr. Steven F. Mayer as member of the Audit Committee;
- Proposal to the Board of Directors to appoint Mr. James Costos as member of the Appointments and Remuneration Committee;
- Approval of the evaluation of the Board of Directors to be performed internally;
- Annual review of the performance of the Committee, the Chairman and CEOs and drafting of the relevant report on the functioning and performance of the Committee during fiscal year 2020;
- Review of the remuneration policy for fiscal year 2021 for key employees;
- Review and approval of the category of each director;
- Report on the results of the Board of Directors' and Committees' evaluation;
- Proposal to amend the Policy on the diversity in the composition of the Board of Directors (prior Policy on Directors' Selection and Diversity), to be submitted to the Board of Directors; and
- Proposal to create the Sustainability Committee and of the members who will form the Committee, to be submitted to the Board of Directors.

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

This report is drawn up by the Appointments and Remuneration Committee on 9 December 2020 and has been approved by Grifols' Board of Directors on its meeting held on 11 December 2020.

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