

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED PUBLIC LIMITED COMPANIES**

ISSUER'S IDENTIFICATION DETAILS

DATE OF END OF FINANCIAL YEAR OF REFERENCE

31/12/2019

TAX ID NUMBER

A-58389123

CORPORATE NAME

GRIFOLS, S.A.

REGISTERED OFFICE

CALLE JESÚS Y MARÍA, 6, 08022 BARCELONA

**ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED PUBLIC LIMITED COMPANIES**

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital in €	Number of shares	Number of voting rights
04/01/2016	119,603,705.00	687,554,908	426,129,798

State whether there are different classes of shares with different associated rights:

YES

Class	Number of shares	Face value per share	Unitary number of voting rights	Associated rights
Class A	426,129,798	0.25	426,129,798	Ordinary shares
Class B	261,425,110	0.05	0	Separate voting right at the general shareholders meeting; Preferred dividend; Right of redemption; Preferential liquidation right

A.2. Provide details of the company's significant direct and indirect shareholders at year-end, excluding any directors:

Personal or corporate name of the shareholder	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK, INC.	0.00	3.01	0.00	1.39	4.40
FIDELITY INTERNATIONAL LIMITED	0.00	1.02	0.00	0.00	1.02
NÚRIA ROURA CARRERAS	0.00	6.15	0.00	0.00	6.15
THORTHOL HOLDINGS, B.V.	7.06	0.00	0.00	0.00	7.06
SCRANTON ENTERPRISES, B.V.	8.67	0.00	0.00	0.00	8.67
DERIA, S.A.	8.91	0.00	0.00	0.00	8.91
CAPITAL RESEARCH AND MANAGEMENT COMPANY	0.00	3.01	0.00	0.00	3.01
INVESCO LIMITED	0.00	3.16	0.00	0.00	3.16

Details of the indirect holding:

Personal or corporate name of the indirect shareholder	Personal or corporate name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights
BLACKROCK, INC.	BLACKROCK, INC.	3.01	1.39	4.40
FIDELITY INTERNATIONAL LIMITED	FIL PENSIONS MANAGEMENT	0.01	0.00	0.01
FIDELITY INTERNATIONAL LIMITED	FIL INVESTMENTS INTERNATIONAL	1.01	0.00	1.01
NÚRIA ROURA CARRERAS	RODELLAR AMSTERDAM HOLDINGS B.V	6.15	0.00	6.15
CAPITAL RESEARCH AND MANAGEMENT COMPANY	CAPITAL RESEARCH AND MANAGEMENT COMPANY	3.01	0.00	3.01
INVESCO LIMITED	INVESCO ADVISERES, INC	3.15	0.00	3.15
INVESCO LIMITED	INVESCO CAPITAL MANAGEMENT LLC	0.01	0.00	0.01

Detail the most significant movements in the share structure that have taken place during the year:

Most significant movements

On 29 January 2019 Ako European Long-Only Master Fund LTD decreased its stake in the company's share capital below 1%.

On 24 May 2019 Oppenheimer Funds, Inc. decreased its stake in the company's share capital below 3%.

On 24 May 2019 Invesco Limited's stake in the company's share capital exceeded 3%.

On 7 June 2019 Ako European Long-Only Master Fund LTD's stake in the company's share capital exceeded 1%.

On 27 June 2019 Ako European Long-Only Master Fund LTD decreased its stake in the company's share capital below 1%.

On 29 November 2019 Jupiter Fund Management PLC decreased its stake in the company's share capital below 3%.

On 10 December 2019 Capital Research and Management Company's stake in the company's share capital exceeded 3%.

A.3. List the members of the company's board of directors with voting rights in the company:

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

Personal or corporate name of the director	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that <u>may be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS. MARLA ELIZABETH SALMON	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. RAIMON GRIFOLS ROURA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. RAMON RIERA ROCA	0.08	0.00	0.00	0.00	0.08	0.00	0.00
MR. TOMÁS DAGÁ GELABERT	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MR. STEVEN MAYER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. VICTOR GRIFOLS DEU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. VICTOR GRIFOLS ROURA	0.21	0.00	0.00	0.00	0.21	0.00	0.00
MS. CARINA SZPILKA LÁZARO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. IÑIGO SÁNCHEZ-ASIAIN MARDONES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. BELÉN VILLALONGA MORENÉS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. THOMAS GLANZMANN	0.01	0.03	0.00	0.00	0.04	0.00	0.00
MS. ENRIQUETA FELIP FONT	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of the total number of voting rights held by the board of directors	0.35
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Detail the indirect holding:

Personal or corporate name of the director	Personal or corporate name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that <u>may be transferred</u> through financial instruments
MR. THOMAS GLANZMANN	GLANZMANN ENTERPRISES AG	0.01	0.00	0.01	0.00
MR. THOMAS GLANZMANN	OPULENTIA HOLDINGS LTD.	0.02	0.00	0.02	0.00

A.4. State, where applicable, any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that these are known to the company, unless they are insignificant or arise in the ordinary course of business, except of those that are indicated in section A.6:

Personal or corporate name	Relationship	Brief description
MS. NÚRIA ROURA CARRERAS, DERIA, S.A.	FAMILY	Mother of a shareholder of Deria, S.A.

- A.5. State, where applicable, any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:**

Personal or corporate name	Relationship	Brief description
N/A		

- A.6. Describe the relationship between the significant shareholders or shareholders represented on the board and the directors, or their representatives when the directors are legal persons, unless it is practically irrelevant to both parties:**

Explain, where necessary, how significant shareholders are represented. State, specifically, the name of the directors who have been appointed to represent significant shareholders and whose appointment has been supported by significant shareholders, or is linked with significant shareholders and/or its group entities, detailing the nature of the relationship. Indicate, in particular and where appropriate, if there are board members, or director's representatives, of the listed company, who are, at the same time, members of the management body, or representatives, of companies that hold significant shareholdings in the listed company or group entities of these significant shareholders, indicating their identity and position.

Personal or corporate name of the related director or representative	Personal or corporate name of the related significant shareholder	Corporate name of the group company of the significant shareholder	Description of the relationship/position
MR. RAIMON GRIFOLS ROURA	MS. NÚRIA ROURA CARRERAS	N/A	Ms. Núria Roura Carreras is Mr. Raimon Grifols Roura's mother.
MR. RAIMON GRIFOLS ROURA	SCRANTON ENTERPRISES, B.V.	N/A	Mr. Raimon Grifols Roura is a non-controlling shareholder of Scranton Enterprises, B.V. (pursuant to the Spanish Securities Market Law).
MR. RAIMON GRIFOLS ROURA	DERIA, S.A.	N/A	Mr. Raimon Grifols Roura is a non-controlling shareholder of Deria, S.A. (pursuant to the Spanish Securities Market Law) and its sole director.
MR. RAMON RIERA ROCA	SCRANTON ENTERPRISES, B.V.	N/A	Mr. Ramón Riera Roca is a non-controlling shareholder of Scranton Enterprises, B.V. (pursuant to the Spanish Securities Market Law).
MR. TOMÁS DAGÁ	SCRANTON	N/A	Mr. Tomás Dagá

GELABART	ENTERPRISES, B.V.		Gelabert is a non-controlling shareholder of Scranton Enterprises, B.V. (pursuant to the Spanish Securities Market Law).
MR. VICTOR GRIFOLS DEU	MS. NÚRIA ROURA CARRERAS	N/A	Mr. Victor Grifols Deu is Ms. Núria Roura Carreras' grandson.
MR. VICTOR GRIFOLS ROURA	MS. NÚRIA ROURA CARRERAS	N/A	Ms. Núria Roura Carreras is Mr. Victor Grifols Roura's mother.
MR. VICTOR GRIFOLS ROURA	SCRANTON ENTERPRISES, B.V.	N/A	Mr. Victor Grifols Roura is a non-controlling shareholder of Scranton Enterprises, B.V. (pursuant to the Spanish Securities Market Law).
MR. VICTOR GRIFOLS ROURA	DERIA, S.A.	N/A	Mr. Victor Grifols Roura represents Deria, S.A. in the board of directors of Grifols, S.A. He is also a non-controlling shareholder of Deria, S.A. (pursuant to the Spanish Securities Market Law).

A.7. State whether the company has been informed of any shareholders' agreements affecting this pursuant to that set down in articles 530 and 531 of the Spanish Companies Act. Where applicable, describe these briefly and list the shareholders bound by any such agreement:

NO

State whether the company is aware of the existence of any concerted actions arranged by its shareholders. Where applicable, give a short description of these:

NO

In the event of there having been any amendments to or termination of said stipulations or agreements or concerted actions in the financial year, expressly state this:

Not applicable.

A.8. State whether there is any natural or legal person now exercising or who could exercise control over the company pursuant to article 5 of the Spanish Securities Market Law. Where applicable, identify this person:

NO

A.9. Complete the following tables about the company's treasury shares:

At the close of the financial year:

Number of shares held directly	Number of shares held indirectly (*)	Total % of share capital
3,415,052	0	0.50

All the company's treasury shares are Class B shares, without voting rights.

(*) Through:

Personal or corporate name of the indirect owner	Number of shares held directly
No data	

Explain any significant variations during the year:

Explain the significant variations

The company's treasury shares at year-end is 3,415,052 Class B shares, without voting rights. Class B shares have decreased by 403,399 in comparison with the previous year as a result of the delivery during the financial year of the RSUs allocated during financial year 2017 with a vesting period of two years and one day (according to the company's incentive plan for 2016).

A.10. Give details of the conditions and period of the current mandate given by the General Shareholders' meeting to the board of directors to issue, repurchase or transfer the company's treasury shares:

At the Ordinary General Shareholders' Meeting held on 29 May 2015, among other points, it was agreed to authorize the Company's Board of Directors to acquire its own shares or subscription rights, by means of purchase, exchange, attribution account payment or any other form envisaged in the Law, either directly or through its subsidiaries, within the limits and with the requisites to be announced below:

- (i) That, insofar as there are Class B Shares, the acquisition should be performed pro rata between Class A Shares and Class B Shares, at the same price and under identical terms and conditions;
- (ii) That, the face value of the shares acquired, added to the ones already owned by the Company or its Subsidiary companies, should not exceed 10% of the Company's share capital at any time;
- (iii) That, the acquisition, including any shares that the Company, or person acting in their own name but on the Company's behalf, had previously acquired and had in its portfolio, should not make the net worth work out lower than the amount of the share capital plus the legally or statutorily non-disposable reserves;
- (iv) That the shares acquired should be paid up in full;
- (v) The maximum acquisition price will be the listed price for the Class A shares at the stock exchange session on the day the acquisition is made or, where applicable, the one authorized by the Spanish Stock Exchange Commission. The minimum price will be 100% of the face value of each Class A share;
- (vi) This authorization is granted for five years at most;
- (vii) The shares acquired may be intended to be given to the workers or managers of the Group, either directly or as result of exercising any option rights to which they may be entitled.

It was also agreed to revoke and make invalid in all its terms the previous authorization for the Company to acquire treasury shares granted by the Extraordinary Shareholders' Meeting held on 25 January 2011.

A.11. Estimated floating capital:

	%
Estimated floating capital	56.70

A.12. Indicate any restriction (under law or the company's articles of association of any nature) to the transmissibility of securities and/or any restrictions to voting rights. In particular, the existence of any kind of restrictions which may hamper the taking of control of the company by means of the acquisition of its shares on the market as well as any authorisation or communication schemes relating to the purchase or transfer of the company's financial instruments that may be applicable according to the sectorial regulation shall be reported:

NO

A.13. State whether the general shareholders' meeting has agreed to adopt any neutralization measures against a public takeover bid pursuant to the provisions of Law 6/2007:

NO

Where applicable, explain the approved measures and the terms under which the restrictions would become ineffective:

A.14. Indicate whether the company has issued any securities that are not traded on a regulated community market:

NO

Where applicable, explain the different classes of shares and, for each class of shares, the rights and obligations conferred.

B. GENERAL SHAREHOLDERS' MEETING

B.1. State and where applicable provide details of, whether there are any differences between the required quorum for the general shareholders' meeting and the quorum system laid down in the Spanish Companies Act:

NO

B.2. State and, where applicable, give details of any differences from the system envisaged in the Spanish Companies Act for the adoption of corporate resolutions:

NO

B.3. State any rules applicable to the amendment of the articles of association of the company. In particular, those majorities provided for in cases of amendment of the articles of association, as well, where applicable, as those rules provided for in cases of tutelage of the rights of shareholders in the amendment of articles of association:

Article 201.2 of Royal Legislative Decree 1/2010, of 2 July, which passed the redrafted text of the Spanish Companies Act.

In addition, the articles of association of the Company establish that in order to protect the rights of Class B shares, corporate resolutions on certain “Extraordinary Matters” shall, in addition to its approval in accordance with article 17 of the articles of association (the adoption of resolutions by simple majority of the capital present and/or represented), require the approval of the majority of the Class B shares then in issue.

In this regard, any resolutions and any amendments to the articles of association which may directly or indirectly hamper or have a negative effect on the rights, preferences or privileges of Class B Shares (including any resolutions which may hamper or have a negative effect on Class B Shares in comparison with Class A Shares or which may benefit or have a positive effect on Class A Shares in comparison with Class B Shares, or which may affect the provisions of the articles of association in relation to Class B Shares) shall require the approval of a majority of Class B Shares then in issue.

Finally, it must be indicated that the General Shareholders’ Meeting has the competence to decide on all matters which may have been attributed to the same, by law or through the articles of association, and, in particular, in an expository manner, it shall be the sole corporate body or competent authority to decide on matters considered “Extraordinary Matters” in accordance with article 6.2 of the articles of association.

B.4. Give details of attendance at general shareholders’ meetings held during the financial year covered by this report and those from the previous two financial years:

Date of the general shareholders’ meeting	Details of attendance				
	% of attendance in person	% as proxy	% remote voting		Total
			Electronic voting	Others	
26/05/2017	2.85	76.67	0.00	0.78	80.30
Floating capital	0.02	39.87	0.00	0.00	39.89
25/05/2018	4.80	75.03	0.00	0.05	79.88
Floating capital	0.03	42.02	0.00	0.00	42.05
24/05/2019	5.65	72.46	0.00	1.41	79.52
Floating capital	0.02	41.08	0.00	0.00	41.10

B.5. Indicate whether there has been any item on the agenda not approved by the shareholders for whatever reason at the general shareholders’ meeting held during the year.

NO

B.6. Indicate whether there is any statutory restriction in the articles of association establishing a minimum number of shares needed to attend the general shareholders’ meeting or for distance voting.

NO

B.7. Indicate whether certain resolutions other than those established by law that may entail the acquisition, disposal, transfer of assets to another company or other corporate transactions of similar nature must be submitted for approval by the general shareholders’ meeting.

NO

B.8. State the address and means of access to the website of the company and the information on corporate governance and other information on general shareholders’ meetings which must be made available to shareholders via the website of the company.

The address of the Company's website is www.grifols.com.

Information on corporate governance can be accessed through the link Investors on the main page, or directly at <http://inversores.grifols.com>.

C COMPANY ADMINISTRATIVE STRUCTURE

C.1. BOARD OF DIRECTORS

C.1.1. Maximum and minimum number of directors envisaged by the articles of association and established by the general shareholders' meeting:

Maximum number of directors	15
Minimum number of directors	3
Number of directors established by the general shareholders' meeting	13

C.1.2. Complete the following table with the Board members' details:

Personal or corporate name of director	Representative	Category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS. MARLA ELIZABETH SALMON		Independent	Director	30/05/2014	25/05/2018	General Shareholders' Meeting resolution
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA		Independent	Director	24/05/2011	27/05/2016	General Shareholders' Meeting resolution
MR. RAIMON GRIFOLS ROURA		Executive	Co-CEO	29/05/2015	24/05/2019	General Shareholders' Meeting resolution
MR. RAMÓN RIERA ROCA		Other external	Director	13/04/2000	26/05/2017	General Shareholders' Meeting resolution
MR. TOMÁS DAGÁ GELABERT		Other external	Vice Secretary and Director	13/04/2000	24/05/2019	General Shareholders' Meeting resolution
MR. STEVEN MAYER		Independent	Director	25/01/2011	27/05/2016	General Shareholders' Meeting resolution
MR. VICTOR GRIFOLS DEU		Executive	Co-CEO	27/05/2016	27/05/2016	General Shareholders' Meeting resolution
MR. VICTOR GRIFOLS ROURA		Proprietary	Chairman	08/07/1991	26/05/2017	General Shareholders' Meeting resolution
MS. CARINA SZPILKA LÁZARO		Independent	Director	29/05/2015	24/05/2019	General Shareholders' Meeting resolution
MR. IÑIGO SÁNCHEZ ASIAÍN -MARDONES		Independent	Lead Independent Director	29/05/2015	24/05/2019	General Shareholders' Meeting resolution
MS. BELÉN VILLALONGA MORENÉS		Independent	Director	24/05/2013	25/05/2018	General Shareholders' Meeting resolution
MR. THOMAS GLANZMANN		Other external	Vice Chairman	05/04/2006	27/05/2016	General Shareholders' Meeting resolution
MS. ENRIQUETA FELIP FONT		Independent	Director	24/05/2019	24/05/2019	General Shareholders' Meeting resolution

Total number of directors	13
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Indicate any members leaving the Board of Directors through resignation, dismissal or otherwise during the period for which information is given.

Personal or corporate name of the director	Category of the director	Date of last appointment	Leaving date	Committee on which the director was a member	Indicate if the director left before the end of his/her term of office
MS. ANNA VEIGA LLUCH	Independent	29/05/2015	24/05/2019		Yes

C.1.3. Complete the following tables on the Board members and their category:

EXECUTIVE DIRECTORS		
Personal or corporate name of the director	Office held on the Company's organization chart	Profile
MR. RAIMON GRIFOLS ROURA	Co-CEO	Mr. Raimon Grifols is Grifols' joint and several Chief Executive Officer together with his nephew, Mr. Víctor Grifols Deu since 1 January 2017. He succeeds his brother Mr. Víctor Grifols Roura on the position. He is a member of the administration bodies of several companies within the Grifols Group. From 2001 to 2015 he was Secretary non-member of the Board of Directors of Grifols, S.A. serving as Director and Vice-Secretary of the Board since 2015. In May 2016 the Board accepted his resignation as Vice-Secretary. Prior to his appointment as executive director in July 2016, Mr. Grifols Roura was a partner at the law firm Osborne Clarke in Spain. He holds a degree in Law from the University of Barcelona.
MR. VÍCTOR GRIFOLS DEU	Co-CEO	Mr. Víctor Grifols Deu is Grifols' joint and several Chief Executive Officer together with his uncle, Mr. Raimon Grifols Roura, since 1 January 2017. He succeeds his father, Mr. Víctor Grifols Roura on the position. He is a member of the administration bodies of several companies within the Grifols Group and was appointed executive director in May 2016. He joined the Group in 2001 as an analyst in the Planning and Control Department. In 2008 he became the director of the Planning and Control Department and was also appointed member of the Executive Committee. He was part of the team that analyzed and was responsible for the

		<p>integration of the transactions of Alpha Therapeutics, Talecris Biotherapeutics and Novartis' Transfusion Diagnostic Unit following the acquisitions.</p> <p>He holds a degree in Business Administration and Management from the Ramon Llull University – Sarrià Chemical Institute (IQS) and a postgraduate degree in Business Administration and Management from the Michael Smurfit Business School in Dublin.</p>
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Total number of executive directors	2
Total % of the Board	15.38

PROPRIETARY DIRECTORS		
Personal or corporate name of the director	Significant shareholder he represents or has proposed his appointment	Profile
MR. VÍCTOR GRIFOLS ROURA	Deria, S.A.	Mr. Víctor Grifols Roura, brother of Grifols' Co-Chief Executive Officer, Mr. Raimon Grifols Roura and father of Mr. Víctor Grifols Deu, the other Grifols' Co-Chief Executive Officer is non-executive Chairman and proprietary director since 1 January 2017. Prior to this date and since 1985 he was Chief Executive Officer and top executive of the Grifols Group, succeeding his father, Mr. Víctor Grifols Lucas, in the role and spearheading the 1987 reorganization that resulted in Grifols as it is today. Mr. Grifols Roura originally joined the Group in 1973 as Exports Manager later becoming Sales Manager. He holds a degree in Business Administration from the University of Barcelona.
Total number of proprietary directors		1
Total % of the Board		7.69

INDEPENDENT DIRECTORS	
Personal or corporate name of the director	Profile
MS. MARLA E. SALMON	Ms. Marla E. Salmon has served as director of Grifols, S.A. since May 2014. She is Professor at the University of Washington and holds several positions in nursing, global health, public affairs and business management. Her career

INDEPENDENT DIRECTORS	
Personal or corporate name of the director	Profile
	<p>has focused on health policy and health care systems capacity building both, globally and in the US, working with governments, international agencies and other health-related entities. Her most recent work focuses on entrepreneurship and social development projects in the health sector.</p> <p>She holds degrees in political science and nursing from the University of Portland, and was a Fulbright Scholar at the University of Cologne (Germany). She also holds a Sc.D. in Health Policy and Administration from the Johns Hopkins University. She also holds two Honoris Causa doctorates in recognition of her national and international services and is a member of the Institute of Medicine.</p> <p>Ms. Marla E. Salmon is a director of the Board of IES Abroad, Inc and The Once City Project. In the past she has been a Director of the Robert Wood Johnson Foundation's Board and of the National Center for Healthcare Leadership. Her advisory roles include the White House Task Force on Health Care Reform, the commission for "Build a Healthier America", the World Health Organization's Global Advisory Group on Nursing and Midwifery, and the National Institutes of Health National Advisory Committee for the Institute of Nursing Research.</p>
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	<p>Mr. Luis Isasi Fernández de Bobadilla has served as director of Grifols, S.A. since Mary 2011. He is Managing Director of Morgan Stanley in Spain and Country Head for the Iberia region. He joined Morgan Stanley in London in 1987. Prior to that, he served as executive director at First Chicago Ltd. in London and, previously, worked in New York for the Latin American department of Morgan Guaranty Trust Co. Mr. Isasi started his professional career in Abengoa, in Seville in 1977.</p> <p>Mr. Isasi has a Bachelor's Degree in Business and Economics from the University of Seville, and a M.B.A. from Columbia Business School in New York, United States, obtained in 1982.</p>
MR. STEVEN F. MAYER	<p>Mr. Steven Mayer has served as director of Grifols, S.A. since January 2011. He is currently the CEO of Iron Horse Acquisition Corp. and of Dedication Capital, LLC, private investment firms that he founded. He is also director of Pretty Party, LLC. From 2002 until 2018, he held a variety of senior positions with Cerberus Capital Management, L.P. and Cerberus California, LLC, affiliated private investment firms, culminating with serving as Senior Managing Director, Co-Head of Global Private Equity, and Chairman of the Cerberus Investment Committee.</p> <p>Mr. Mayer holds a Bachelor in Arts, Cum Laude, from Princeton University and a Degree in Law (JD, Juris Doctor), magna cum laude, from Harvard Law School.</p>

INDEPENDENT DIRECTORS	
Personal or corporate name of the director	Profile
	<p>Mr. Mayer has served as a member of the board of directors or equivalent body of a large number of companies in a wide variety of industries in the United States and Europe, and is currently a member of the Board of Supervisors of Syntellix AG.</p>
<p>MR. IÑIGO SÁNCHEZ-ASIAÍN MARDONES</p>	<p>Mr. Iñigo Sánchez-Asiaín Mardones is the Lead Independent director of the Grifols' Board since May 2015. He holds a degree in Business Administration from the Comillas Pontifical University of Madrid (ICADE) and an MBA from Harvard Business School. He is member of the Executive Committee of the Harvard Club of Spain, which he has previously chaired.</p> <p>He is founding partner at Portobello Capital since 2010, a private equity company, where he is member of the Executive and Investment Committees, leading the investments in companies such as Angulas Aguinaga, company where he is Chairman and member of the Executive Committee and Hotels & Resorts Blue Sea, S.L., where he is a member of the Board of Directors. Previously he was Deputy General Director (Subdirector General) at Banco Santander (1993-2005) and was partner and member of the Board of Directors of Ibersuizas Gestión SGEGR, S.A. (2005-2010).</p>
<p>MS. BELÉN VILLALONGA MORENÉS</p>	<p>Ms. Belén Villalonga Morenés has served as director of Grifols, S.A. since May 2013. She is a Professor of Management at New York University's Stern School of Business. Between 2001 and 2012 she was a faculty member at Harvard Business School. Her teaching, research, and consulting activities are in the areas of corporate strategy, finance, and governance, with a special focus on family-controlled companies.</p> <p>She was also an independent director between 2006 and 2019 at Acciona, a leader in the renewable energy and infrastructure industries, and between 2015 and 2018 at Talgo (a high-speed train manufacturer).</p> <p>Ms. Belén Villalonga Morenés holds a Ph.D. in Management and an M.A. in Economics from the University of California at Los Angeles, where she was a Fulbright Scholar. She also holds a Ph.D. in Business Economics from the Complutense University of Madrid as well as a degree in Economic and Management Sciences from the Colegio Universitario de Estudios Financieros in Madrid.</p>
<p>MS. ENRIQUETA FELIP FONT</p>	<p>Ms. Enriqueta Felip Font received her degree in Medicine and Surgery from the Autonomous University of Barcelona, where she also completed her studies for a PhD in Medical Oncology. She has an extensive professional career and accredited experience in the oncology sector, as well as knowledge in the scientific and research field. She is currently the Section Chief of the Medical Oncology Service at Vall d'Hebron University Hospital and the Principal Investigator of the Vall d'Hebron Institute of Oncology's</p>

INDEPENDENT DIRECTORS	
Personal or corporate name of the director	Profile
	<p>Thoracic Tumors Cancer Group. Throughout her career, she has obtained several recognitions for her work in the oncology field. In 2015, she was awarded with the first ESMO Women for Oncology Award from the European Society of Medical Oncology (ESMO).</p> <p>Most recently, she featured on Clarivate Analytics' annual Global Highly Cited Researchers List 2018, under the newly launched cross-field category. Ms. Enriqueta Felip Font has played key roles in many leading professional societies including the European Society of Medical Oncology (ESMO), the European School of Oncology (ESO) and the International Association for the Study of Lung Cancer (IASLC).</p>
MS. CARINA SZPILKA LÁZARO	<p>Ms. Carina Szpilka Lázaro has served as director of Grifols, S.A. since May 2015. She earned a degree in Business Administration from the Universidad Pontificia de Comillas in Madrid (ICADE) and an Executive MBA from the Instituto de Empresa.</p> <p>She began her professional career in the financial sector working at Banco Santander and Argentaria (now known as BBVA). In 1998 she was part of the team that founded ING Direct in Spain, where she held the position of CEO from 2010 to 2013, having previously held said position in ING Direct France from 2008 to 2010.</p> <p>She is currently a partner at KFund Venture Capital, an independent director at Abanca and Meliá Hotels International, as well as Chairwoman of Adigital. She has received numerous awards. Among others, in 2011 she was given the "Female Executive of the Year" award by the Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs (Federación Española de Mujeres Directivas – FEDEPE).</p>

Total number of independent directors	7
Total % of the Board	53.85

Indicate whether any director classified as independent receives, from the company or from its group, any amount or benefit for any concept other than remuneration as a Board Member, or maintains, or has maintained, during the last financial year, a business relationship with the Company or with any companies in its group, whether this may be in its own name or as a significant shareholder, director or senior executive of an entity which maintains or may have maintained such a relationship.

Where applicable, a motivated statement by the Board is to be included on the reasons due to which it considers that the said director may perform its functions in the capacity of independent director.

Personal or corporate name of the director	Relationship	Motivated statement
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and give details of the reasons due to which they may not be considered proprietary or independent and their relationships, whether this may be with the company, its executives or its shareholders			
Personal or corporate name of the director	Reasons	Company, director or shareholder which he maintains the relationship	Profile
MR. TOMÁS DAGÁ GELABERT	His relationship is not covered within the current definitions of executive, proprietary or independent director. He is a partner in the law firm Osborne Clarke, which renders legal and tax services to the Group.	Grifols, S.A.	<p>Mr. Tomás Dagá Gelabert has served as director of Grifols, S.A. since April 2000 and as Vice-Secretary of the Board since May 2016. He is currently partner and founder of the law firm Osborne Clarke in Spain and was managing director until June 2017. Previously he worked in the corporate and tax department of Peat Marwick Mitchell & Co. in Barcelona. He holds a degree in Law from the University of Barcelona.</p> <p>He is currently a member of the administration bodies of several companies within the Grifols Group. He is a board member of Alkahest Inc. as well as trustee and Secretary of the private foundation Victor Grifols i Lucas and trustee of the Probitas Fundación Privada foundation.</p>
MR. THOMAS GLANZMANN	His relationship is not covered within the current definitions of executive, proprietary or independent director. He is the majority shareholder in Glanzmann Enterprises AG, a company that has rendered consultancy services to the Group from 2011 until March	Grifols, S.A.	Mr. Thomas Glanzmann has served as director of Grifols, S.A. since April 2006 and as non-executive Vice-Chairman since 1 January 2017. From 2006 until 2011 he was the Chief Executive Officer and President of Gambro AB. Previously, Mr. Glanzmann was the CEO and Managing Director of HemoCue AB. Between 1988 and 2004 he held various positions at Baxter Healthcare Corporation: Senior Vice-

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and give details of the reasons due to which they may not be considered proprietary or independent and their relationships, whether this may be with the company, its executives or its shareholders			
Personal or corporate name of the director	Reasons	Company, director or shareholder which he maintains the relationship	Profile
	2019. Besides, he has been a director for more than 12 years.		<p>President and Senior Corporate Officer of Baxter Healthcare Corporation, President of Baxter Bioscience, Chief Executive Officer of Immuno International; and President of the European Biotech Group. Between 1984 and 1988, he worked at Philip Morris becoming country manager for Norway, Denmark and Iceland.</p> <p>He holds a B.A. degree in Political Science from Dartmouth College, United States, and an M.B.A. from IMD, Lausanne – Switzerland. He also holds a Board of Directors Certification from the UCLA Anderson School of Management, USA.</p> <p>Mr. Thomas Glanzmann was a Senior Advisor to the Executive Chairman and a Managing Director at the World Economic Forum in Davos from 2004-2005 and the Chairman of the Plasma Protein Therapeutics Association (PPTA) between 2000 and 2001.</p> <p>He serves as a Director on the Board of Alcon, Inc. and is a Healthcare Advisor to Madison Dearborn and Partners. He is a Founder and General Partner of Medical Technology Venture Partners in California, United States.</p>
MR. RAMÓN RIERA ROCA	His relationship is not covered within the	Grifols, S.A.	Mr. Ramón Riera is a director of Grifols S.A. He joined

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and give details of the reasons due to which they may not be considered proprietary or independent and their relationships, whether this may be with the company, its executives or its shareholders			
Personal or corporate name of the director	Reasons	Company, director or shareholder which he maintains the relationship	Profile
	current definitions of executive, proprietary or independent director. He was executive director of the company until his retirement on 30 June 2018. Besides, he has been a director for more than 12 years.		Grifols in 1977. He served as Chief Commercial Officer and was a member of the administrative bodies of several companies of the Grifols Group until his retirement in 2018. He holds a degree in Chemical Sciences from the Autonomous University of Barcelona.

Total number of external directors	3
Total % of the Board	23.08

State any changes which, where applicable, may have taken place during the period in the category of each director:

Personal or corporate name of the director	Date of the change	Prior category	Current category

C.1.4. Complete the following table with information relating to the number of female directors during the last 4 financial years, as well as their category:

	Number of female directors				% of the total number of directors			
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2019	FY 2018	FY 2017	FY 2016
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	4	4	4	4	57.14	57.14	57.14	57.14
Other external					0.00	0.00	0.00	0.00
Total	4	4	4	4	30.77	30.77	30.77	30.77

C.1.5. Indicate whether the company pursues diversity policies regarding the board of directors of the company for matters concerning, for instance, age, gender, disability or professional education and experience. According to the definition contained in the Spanish Audit Law, small and medium sized companies must at least inform about the gender diversity policy established in the company.

YES

If yes, describe these diversity policies, their aim, the measures and manner in which they have been applied and the results obtained during the financial year. Also, inform about those specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a diverse and balanced presence of male and female directors.

If the company does not apply any diversity policy, explain why not.

Description of policies, objectives, measures and how they have been implemented, including results achieved

Pursuant to the recommendations established in the Code of Corporate Governance for Listed Companies, Grifols has a policy for selecting directors and a diversity policy, which was approved by Grifols' Board of Directors on 22 February 2019 in order to: (i) make sure that the proposals for the appointment and re-election are based on a prior analysis of the needs of the Board of Directors and (ii) favour knowledge, experience and gender diversity. The Board of Directors ensures that the selection procedures for its members promote diversity in terms of age, gender, experience and knowledge and that do not have an implicit bias that might lead to discrimination, in particular, on the grounds of gender, disability or any other personal condition.

The Appointments and Remuneration Committee on an annual basis reviews compliance with this policy and informs the Board of Directors about the results of its assessment.

Today, more than 30% of the members of the Board of Directors are women and, therefore, the company has already exceeded the objective established in the Code of Corporate Governance for Listed Companies for 2020. Furthermore, in the last few years, the number of independent directors with a diverse professional expertise and experience has increased which has made the Board of Directors more diverse, has helped to improve analysis and debate and to bring into play plural perspectives and points of views. Independent directors now represent 54% of the total number of directors of the Company.

Specifically, during 2019, the appointment of Ms. Enriqueta Felip Font as a director of Grifols has been proposed and approved. Due to her proven experience in the oncology sector, as well as her proven knowledge in the scientific and research fields, her appointment contributes to the diversity of experience, knowledge and gender in the Board's composition.

C.1.6. Explain those measures which, where applicable, may have been agreed by the Appointments Committee to ensure that selection procedures do not contain implicit bias which may be an obstacle for the selection of female directors and that the company deliberately seeks and includes women who meet the professional profile sought among potential candidates and which makes it possible to achieve a balance between men and women:

There are no explicit measures. Nevertheless, the Company considers that there is no need to adopt them at present because the Board of Directors bases its proposals to appoint board members strictly on professional criteria (competence, knowledge and experience).

Whenever in spite of the measures which, where applicable, may have been adopted, the number of female directors may be very low or inexistent, explain the reasons that may justify this:

N/A

C.1.7. Explain the appointment committee's conclusions regarding the verification of compliance with the policy for selecting directors. In particular, inform on how such policy contributes to ensuring that the number of female directors will be at least 30% of the overall members of the board of directors in 2020.

The Appointments and Remuneration Committee has considered that, as a whole, the Board of Directors has a diverse and well-balanced composition.

The objective has been achieved because, as of the closing of financial year 2019, the percentage of women in the board represents 30.77%.

C.1.8. Explain, where applicable, the reasons due to which proprietary directors have been appointed at the request of shareholders whose shareholding participation is lower than 3% of the share capital:

Name of the shareholder	Reasons
N/A	

Indicate if no formal requests have been attended to for presence on the board of directors received from shareholders whose shareholding is equal to or higher than that of others at the request of whom proprietary directors may have been appointed. Where applicable, explain the reasons due to which these have not been attended to:

NO

C.1.9. Indicate, should any exist, the powers that may have been granted by the Board of Directors to the directors or board's committees:

Name of the director or Committee	Brief description
MR. RAIMON GRIFOLS ROURA	All powers which may be granted by virtue of law and of the Company's articles of association.
MR. VICTOR GRIFOLS DEU	All powers which may be granted by virtue of law and of the Company's articles of association.

C.1.10. Identify where applicable, the members of the board of directors which assume positions as directors, directors' representative or executives in other companies which may form part of the group of the listed company:

Personal or Corporate name of the director	Corporate name of the group entity	Position	Does the director have executive functions?
MR. RAIMON GRIFOLS ROURA	AIGÜES MINERALS DE VILAJUÏGA, S.A.	CO-CEO	YES
MR. RAIMON GRIFOLS ROURA	DIAGNOSTIC GRIFOLS, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. RAIMON GRIFOLS ROURA	INSTITUTO GRIFOLS, S.A.	DIRECTOR	NO
MR. RAIMON GRIFOLS ROURA	GRIFOLS MOVACO, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. RAIMON GRIFOLS ROURA	LABORATORIOS GRIFOLS, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. RAIMON GRIFOLS ROURA	BIOMAT, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. RAIMON GRIFOLS ROURA	GRIFOLS VIAJES, S.A.	JOINT AND SEVERAL DIRECTOR	YES

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MR. RAIMON GRIFOLS ROURA	GRIFOLS INTERNATIONAL, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. RAIMON GRIFOLS ROURA	GRIFOLS ENGINEERING, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. TOMÁS DAGÁ GELABERT	CHIQUITO ACQUISITION CORP.	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	GRIFOLS INNOVATION AND NEW TECHNOLOGIES LIMITED	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	GRIFOLS WORLDWIDE OPERATIONS LIMITED	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	TALECRIS PLASMA RESOURCES, INC.	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	ARACLON BIOTECH, S.L.	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	KIRO GRIFOLS, S.L.	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	BIOMAT USA, INC.	DIRECTOR	NO
MR. TOMÁS DAGÁ GELABERT	GRIFOLS DIAGNOSTIC SOLUTIONS INC.	DIRECTOR	NO
MR. VICTOR GRIFOLS DEU	AIGÜES MINERALS DE VILAJUÏGA, S.A.	Co-CEO	YES
MR. VICTOR GRIFOLS DEU	DIAGNOSTIC GRIFOLS, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	INSTITUTO GRIFOLS, S.A.	DIRECTOR	NO
MR. VICTOR GRIFOLS DEU	GRIFOLS MOVACO, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	LABORATORIOS GRIFOLS, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	BIOMAT, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	GRIFOLS VIAJES, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	GRIFOLS INTERNATIONAL, S.A.	JOINT AND SEVERAL DIRECTOR	YES
MR. VICTOR GRIFOLS DEU	GRIFOLS ENGINEERING, S.A.	JOINT AND SEVERAL DIRECTOR	YES

C.1.11. Give details, where applicable, of the directors or the representatives of entity directors of your company which are members of the board of directors or representatives of

entity directors of other entities listed on official securities markets other than your group, which may have been communicated to the company:

Personal or corporate name of the director	Corporate name of the group entity	Position
MS. CARINA SZPILKA LÁZARO	Meliá Hoteles International, S.A.	Director

C.1.12. Indicate and where applicable explain whether the company has established rules on the maximum number of boards on which its own directors may sit. Indicate, where applicable, where its regulation is laid down:

NO

C.1.13. Indicate the aggregate remuneration received by the board of directors:

Remuneration accrued during the year by the Board of Directors (in thousands of euros)	5,737
Amount of the aggregate remuneration corresponding to rights accumulated by present directors in relation to pensions (in thousands of euros)	0
Amount of the aggregate remuneration corresponding to rights accumulated by former directors in relation to pensions (in thousands of euros)	0

C.1.14. Identify the members of senior management which are not also executive directors, and indicate the total remuneration accrued for them during the financial year:

Personal or corporate name	Position
MR. ROBERT JAGT	PRESIDENT, HOSPITAL COMMERCIAL DIVISION
MR. MATTHEW MURAWSKI	VP INNOVATION OPER & ANALYTICS
MS. MARIA TERESA RIONE LLANO	VP, CORPORATE COMMUNICATIONS
MR. JOEL EDWARD ABELSON	PRESIDENT, BIOSCIENCE COMMERCIAL DIVISION
MR. JAVIER SUEIRAS GIL	CHIEF IT OFFICER
MR. LUIS TWOSE GARÇON	MANAGING DIRECTOR LABORATORIOS GRIFOLS
MR. LAFMIN CLEOFUS MORGAN	CHIEF COMMERCIAL OFFICER
MR. CARSTEN SCHROEDER	PRESIDENT, DIAGNOSTIC COMMERCIAL DIVISION
MR. ALFREDO ARROYO GUERRA	CHIEF FINANCIAL OFFICER
MS. NURIA PASCUAL LAPENA	VP, CORP. TREASURY & INVESTORS RELATIONS
MR. ALBERTO GRIFOLS ROURA	PRESIDENT BIO SUPPLIES DIVISION
MR. MIGUEL PASCUAL MONTBLANCH	PRESIDENT, COMMERCIAL OPERATIONS SUPPORT
MR. EDUARDO RAIMUNDO HERRERO JIMÉNEZ	PRESIDENT BIOSCIENCE INDUSTRIAL GROUP
MR. VICENTE BLANQUER TORRE	VP, QUALITY & REGULATORY AFFAIRS
MR. MATEO FLORENCIO BORRÁS HUMBERT	CHIEF HUMAN RESOURCES OFFICER
MR. JOSÉ ORIOL DUÑACH FULLA	PRESIDENT DIAGNOSTIC INDUSTRIAL GROUP
MR. DAVID BELL	CHIEF INNOV. OFFICER & GEN. COUNSEL NA
MR. GREGORY GENE RICH	PRESIDENT & CEO GRIFOLS SHARED SERVICES
MR. ALBERT GRIFOLS COMA-	PRESIDENT, GWWO

Personal or corporate name	Position
CROS	
MR. DANIEL FLETA COIT	CHIEF INDUSTRIAL OFFICER

Total remuneration of senior management (in thousands of euros): 16,795

C.1.15. Indicate whether there have been any amendments in the board regulations during the financial year:

The Company's Board of Directors, in a meeting held on 3 April 2019 and in view of the Audit Committee's mandatory report, approved the modification of article 5 of the Regulations of the Board of Directors in order to adapt it to the content related to the mission and competences of the Board as set out in the Companies Act in force, following the amendment introduced by Law 11/2018 of 28 December, which modifies the Code of Commerce, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010, and Law 22/2015 of 20 July on Account Auditing, regarding non-financial information and diversity.

C.1.16. Indicate the procedures for the selection, appointment, re-election, assessment and removal of directors. Give details of the competent bodies, the processes to be implemented and the criteria used in each of the procedures.

Regulations of the Board of Directors:

Article 18. Appointment of Directors

1. The Directors shall be appointed by the General Shareholders' Meeting or by the Board of Directors, in accordance with the provisions established in the Companies Act.
2. The proposals for appointment of Directors, submitted by the Board of Directors for consideration by the General Shareholders' Meeting, and the appointment decisions that said body adopts by virtue of the powers of co-optation that are legally attributed to it, shall be preceded by the corresponding proposal by the Appointments and Remuneration Committee, if they are independent directors, and, in any case, with a report prepared by the Board, in which the candidate's competence, experience and merits are assessed, and which shall be attached to the minutes of the General Shareholders' Meeting or the Board of Directors, as appropriate.

The proposal to appoint any non-independent director must be also preceded by the corresponding report issued by the Appointments and Remuneration Committee.

3. This article will also apply to any natural person who is designated to represent a legal entity appointed to the Board of Directors.

Article 19. Appointment of Non-Executive Directors

1. The Board of Directors and the Appointments and Remuneration Committee, within the boundaries of their competences, shall endeavour that the election of candidates falls on persons of recognized solvency, competence and experience, paying particular attention to those people called on to cover posts as independent Directors as established in Article 6 of these Regulations.
2. The Board of Directors shall not propose or appoint, for the post of independent Director, any person that is related to the management of the Company or is linked by family, professional or commercial reasons to the Executive Directors or Executive Officers of the Company.

In particular, the following shall not be proposed or appointed as Independent Directors:

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- (a) individuals who during the last year have had a working, commercial or contractual relationship, directly or indirectly, of significance, with the Company, its Executives, Proprietary Directors or companies in the group, whose shareholding interests are represented, banking institutions with a significant position in the financing of the Company or organizations that receive substantial subsidies from the Company;
- (b) Directors of another listed company that has Proprietary Directors in the Company;
- (c) those persons related to the Executive or Proprietary Directors or to members of the management of the Company; in view of the current Regulation, it shall be understood that persons related to those Directors are those that are involved in some of the conditions foreseen in Article 231 of the Companies Act; and
- (d) persons with other relationships with the Company which in the opinion of the Appointments and Remuneration Committee could reduce its independence.

Article 20. Re-election of Directors

The proposals for re-election of Directors that the Board of Directors decides to submit to the General Shareholders' Meeting must follow the same formal working process established by Law and article 18 of these Regulations for the appointment of directors.

Article 17 bis Periodic evaluation

The Board of Directors in full shall evaluate once a year:

- (a) its quality and efficiency;
- (b) the performance of the duties of the Chairperson of the Board and the chief executive officer of the Company;
- (c) The performance of its Committees.

Article 22. Resignation of Directors

1. The Directors will resign from office when the period of time for which they were appointed has elapsed and when decided by the General Meeting by virtue of the powers it is legally or statutorily granted.
2. The Board of Directors shall abstain from proposing to the General Meeting the resignation of non-executive Directors (proprietary or independent), before the completion of the statutory period for which they were elected, except when exceptional and justified causes exist and when previously informed by the Appointments and Remuneration Committee.
3. The Directors must place their position at the disposal of the Board of Directors and formalize the relevant resignation in the following cases:
 - (a) when they cease to occupy the executive posts which were associated with their appointment as Director, except by express ratification by the Board of Directors, following a non-binding report prepared by the Appointments and Remuneration Committee;
 - (b) when they incur in any of the legally foreseen cases of incompatibility or prohibition;
 - (c) when they are prosecuted for a supposedly criminal act or an order is brought against them to commence oral proceedings for any of the offenses indicated in

article 213 of the Companies Act or are the object of disciplinary actions of a serious or very serious nature by supervisory authorities.

- (d) when the Audit Committee gives them a serious warning for having infringed their obligations as Directors;
 - (e) when their Directorship on the Board could place the best interests of the Company at risk or when the reasons for their appointment disappear; and
 - (f) in the case of a Proprietary Director, when the shareholder whose interests he/she represents on the Board sells his/her participation in the Company, or when they are reduced to below a level that reasonably justified such an appointment.
4. When a director leaves his position, whether by resignation or for any other reason, he/she shall explain why, in a letter that must be sent to the members of the Board via the Chairperson or the Secretary.

C.1.17. Explain the extent to which the annual assessment of the board of directors has led to important changes in its internal organization and in relation to the procedures applicable to its activities:

In 2019, the Board of Directors decided that the board's assessment should be done internally, although it sought the advice of an external consultant in 2018. The idea is to alternate both methods. The 2019 assessment has been carried out with the support of both the Appointments and Remuneration Committee and the Board's Secretary.

In general, the results obtained in each of the areas by the external assessment carried out last year by the external consultants, Russel Reynolds, were very positive.

Compared with the assessment carried out last year, rating has increased in all areas and no potential problems or risks have been identified.

Describe the process of assessment and the areas assessed by the board of directors with the help, where applicable, of an external consultant in connection with the functioning and composition of the board, its commissions as well as any other area assessed:

In accordance with article 17.bis of the Regulations of the Board of Directors, all its members have evaluated the following in relation to financial year 2019: (a) the quality and efficiency of the Board's performance; (b) starting from the report presented to it by the Appointment Committee, the performance of the duties of the Chairperson of the Board and the chief executive officer of the Company; (c) the performance of its Committees, from the reports presented to it by them.

During the Board of Directors' meeting held on 13 December 2019, the Board assessed the performance of the Board of Directors during 2019, concluding that it had enough resources to carry out its tasks and duties. During this assessment process, the Appointments and Remuneration Committee provided the directors with a questionnaire concerning the organization of the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee, which covered different issues, such as the quality and quantity of the information provided to the directors before each meeting held by the Board of Directors or a Committee, the adequate length of the meetings, the diversity of topics discussed in said meetings, the follow-up of approved decisions, as well as the performance and efficiency of each of these corporate bodies. The results of the questionnaire were discussed during the above mentioned Board of Directors' meeting, held on 13 December 2019. More specifically, it should be highlighted that the Board, by majority, has declared to be very satisfied with the job done by the Company's executive directors and certain improvements have been proposed by some directors, as well as confirming that they had the necessary and adequate means to carry out their duties and all the directors are satisfied with the Company's evolution.

It should be highlighted that the Board is constantly self-evaluating its performance and that it tries to implement as soon as possible any needed improvements. Each committee carries out its own evaluation before the last Board meeting of the year is held, where they express their satisfaction or dissatisfaction with the performance of each committee, as well as specifying if they need any further resources to carry out their duties. Both the Appointments and Remuneration Committee and the Audit Committee have expressed their satisfaction with the performance and resources available. The Chairperson of the Appointments and Remuneration Committee has met with the Co-CEOs. Likewise, the Audit Committee has met with the Company's auditors, as well as with its internal audit and compliance teams. Additionally, the Appointments and Remuneration Committee assessed the performance of the Company's Chairman of the Board and of both Co-CEOs reporting their findings to the Board. Female directors represent 30.7% of the board of directors and the selection of its members is carried out favouring knowledge, experience and gender diversity.

C.1.18. Give details, in those years in which the external advisor has participated, the business relationships with the external advisor or any company belonging to his/her group has with the company or any company in the group:

In 2016 and 2018 Rusell Reynolds carried out the evaluation of the Board of Directors and Grifols has hired its headhunting services in some occasions. During 2019 the evaluation has been internal.

C.1.19. Indicate those cases in which directors are obliged to resign:

Regulations of the Board of Directors

Article 22. Resignation of directors

(...)

3. The Directors must place their position at the disposal of the Board of Directors and formalize the relevant resignation in the following cases:

- (a) when they cease to occupy the executive posts which were associated with their appointment as Director, except by express ratification by the Board of Directors, following a non-binding report to the Appointments and Remuneration Committee;
- (b) when they incur in any of the legally foreseen cases of incompatibility or prohibition;
- (c) when they are prosecuted for a supposedly criminal act or an order is brought against them to commence oral proceedings for any of the offenses indicated in article 213 of the Companies Act or are the object of disciplinary action of a serious or very serious nature by supervisory authorities;
- (d) when the Audit Committee gives them a serious warning for having infringed their obligations as Directors;
- (e) when their Directorship on the Board could place the best interests of the Company at risk or when the reasons for their appointment disappear; and
- (f) in the case of a Proprietary Director, when the shareholder whose interests he/she represents on the Board sells his/her participation in the Company, or when they are reduced to below a level that reasonably justified such an appointment.

C.1.20. Are reinforced majorities, other than legal ones, required for any type of resolution?

NO.

If so, please describe any differences.

C.1.21. Explain whether there are any specific requirements other than the ones regarding directors, in order to be appointed chairman of the board of directors.

NO.

C.1.22. Indicate whether the articles of association or the board of directors' regulations establishes any limit to the age of directors:

NO.

C.1.23. Indicate whether the articles of association or the board of directors' regulations establish a limit to the maximum term of office of independent directors other than that established in the regulations:

NO.

C.1.24. Indicate whether the articles of association or the regulations of the board of directors establish any specific rules for the delegation of votes in the board of directors in favour of other directors, the means of doing so, and, in particular, the maximum number of delegations that one director may have, as well as whether there is any limitation on the category of delegations beyond the limitations imposed by law. Where applicable, give brief details of these rules.

Pursuant to the provisions of the Spanish Companies Act, Article 17 of the Regulations of the Board of Directors establishes that non-executive directors may only delegate their representation to another non-executive director.

C.1.25. Indicate the number of board meetings held during the financial year. Where applicable, also state the number of sessions held by the board of directors without the attendance of the chairman. For the calculation, representations made with specific instructions shall be considered as attendances.

Number of board meetings	8
Number of board meetings without the chairman's attendance	1

Indicate the number of board meetings held by the lead director with the other directors without any executive director attending the meeting or being represented.

Number of board meetings	0
---------------------------------	---

State the number of meetings held by the different Board Committees during the financial year:

Audit Committee	7
Appointments and Remuneration Committee	5

C.1.26. Indicate the number of board meetings held during the year with the attendance of all its members.

Number of board meetings with the personal attendance of at least 80% of its directors	8
% of personal attendances in relation to the total votes during the financial year	97.16
Number of board meetings with the personal attendance of all the	6

directors or the attendance of proxies with specific instructions	
% of personal attendances or attendances of proxies with specific instructions in relation to the total votes during the financial year	98.08

C.1.27. Indicate whether the individual and consolidated accounts presented to the board for approval are previously certified:

YES.

Identify, if appropriate, the person(s) certifying the individual and consolidated accounts for their formulation by the Board.

Name	Position
MR. ALFREDO ARROYO GUERRA	CHIEF FINANCIAL OFFICER
MS. MONTSERRAT LLOVERAS CALVO	VICEPRESIDENT ADMINISTRTRION

C.1.28. Explain the mechanism, if any, established by the board of directors to prevent the individual and consolidated accounts drawn up by it from being presented to the general shareholders' meeting with reservations in the audit report.

Part of article 42.4 of the Regulations of the Board is transcribed here below:

Article 42. Relations with auditors

(...)

4. The Board of Directors will endeavour to formulate the final accounts in such a way that no reservations or exceptions are raised by the auditor and, in the cases when there are, the contents and scope of the discrepancies shall be explained to the shareholders not only by the Chairperson of the Audit Committee but also by the external auditors.

C.1.29. Is the secretary of the board also a director?

NO.

If the Secretary is not a director, please fill out the following table:

Personal or corporate name of the Secretary	Representative
MS. NÚRIA MARTÍN BARNÉS	

C.1.30. Indicate, if applicable, the specific mechanisms, established by the company to preserve the independence of the external auditors. Also, if any, the mechanisms to preserve the independence of the financial analysts, investment banks and rating agencies, stating how the legal provisions have been implemented in practice.

Article 14 of the Regulations of the Board gives the Audit Committee the following competences as regards the external auditor:

- (i) Submit to the Board of Directors any proposals regarding the selection, appointment, re-election and substitution of the auditor, being responsible for the selection process in conformity with the applicable regulations, including the terms of his contract, without prejudice to the faculties vested in the General Shareholders' Meeting and the Board with regard to the approval of such resolutions under Spanish law;

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- (ii) Be directly in charge of the remuneration and supervision of the work performed by the external auditor regarding the audit report preparation and issuance or any other similar reports relating to financial statements;
- (iii) Regularly and directly collect from the external auditor information about the development, impact and execution of the audits, as well as the audit plan and results of its execution, and verify that top management takes their recommendations into account;
- (iv) Safeguard the external auditor's independence when performing his duties, and to do so:
 - Ensure that the Company communicates as a relevant event to the CNMV the change in auditor and shall attach a statement of the possible existence of any disagreements with the outgoing auditor and, if applicable, its contents;
 - Establish the necessary relationships with the external auditor to receive information about any issues that may entail a threat to his independence, and which the Audit Committee will examine, and any other issues regarding the development of the audit of accounts process, and, when applicable, the authorization of the services different from those prohibited in the terms established in the applicable regulations as regards independence, as well as any notifications required in the audit of accounts legislation and in the audit regulations;
 - Ensure that the Company and the auditor respect the rules in force on providing services different to audit services, the auditor's market concentration limits and, in general, any others rules established to guarantee the independence of the auditors and, to that end, annually receive from the external auditors a statement of their independence in relation to the entity, or any entities directly or indirectly related to it, as well as the detailed and individualized information on any kind of ancillary services provided and the corresponding fees paid by these entities to the external auditor or the persons or entities related to it in accordance with the regulations applicable to the audit of accounts activity;
 - Issue, prior to issuing the audit of accounts report and on an annual basis, a written opinion on whether the independence of the auditors or audit firms has been compromised. This opinion must include a reasoned assessment of each and every one of the ancillary services mentioned in the preceding paragraphs, which shall be individually and jointly assessed, different from the legal audit, and in relation to the independence status or regulations applicable to the audit of accounts activity; and
 - If the external auditor resigns, examine the circumstances that have caused said resignation.
- (v) Encourage the Group auditor to undertake the responsibility of the audits of the companies making up the group.

Additionally, article 42 of the Regulations of the Board furthermore establishes that the Board's relations with the Company's external auditors shall be channelled through the Audit Committee. Likewise, the Board of Directors shall not submit to the General Shareholders' Meeting a proposal to hire auditing firms whose fees exceed ten per cent (10%) of its total income during the last financial year. This article also sets out that the Board of Directors shall publicly inform, every year, of the overall fees that the Company has paid the auditing firm for services other than auditing.

On the other hand, article 41 of the Regulations of the Board establishes the duties that the Board has in relation to the financial markets (analysts, financial entities, rating agencies, etc.). Exercising the competences of this article, the Board approved on 27 May 2016 a communication and contact policy with the shareholders and others financial markets'

participants based on the principles of transparency, veracity, equality, symmetry and importance for the dissemination of the information. The policy is available on the Company's website www.grifols.com.

Specifically, external auditors are in practice required to confirm their independence in writing and provide the Audit Committee with a threats and safeguards analysis in connection with the services rendered to the Group. They shall also provide a statement of independence indicating those matters that may pose a threat to the auditor's independence. The Audit Committee considers the information provided to it and maintain regular communication with the external auditors to decide on their independence and quality of their work.

In accordance with the policy on communication with financial markets, Grifols will maintain dialogue with financial analysts, respecting at all times the general principles described in such policy, and communication with financial analysts will be independent of the opinion and recommendation of the analyst towards the company.

C.1.31. Indicate whether the company changed its external auditor during the financial year. if so, identify the incoming and outgoing auditors:

NO.

In the event of any disagreements with the outgoing auditor, please provide details:

NO.

C.1.32. Indicate whether the audit firm carries out other work for the company and/or its group apart from auditing, and if so, state the fees received for such work and the percentage such fees represent of the total fees invoiced to the company and/or its group:

YES.

	Company	Group	Total
Amount for other non-auditing work (thousands of euro)	599	191	790
Amount for non-auditing work/ Total work invoiced by the auditing firm (as %)	29.40	5.00	13.50

C.1.33. Indicate whether the audit report of the previous year's annual accounts contains reservations or qualifications. If it does, give details of the reasons given by the chairman of the audit committee to the shareholders at the general shareholders meeting to explain the content and scope of such reservations or qualification.

NO.

C.1.34. Indicate the number of consecutive years for which the current audit firm has been auditing the individual and consolidated annual accounts of the company. Likewise, indicate the percentage represented by the number of years the current audit firm has been auditing the accounts in respect of the total number of years for which the annual accounts have been audited:

	Individual accounts	Consolidated accounts
Number of consecutive years	29	29

	Individual accounts	Consolidated accounts
Number of years audited by the	100	100

current audit firm /Number of years the company or its group accounts have been audited (%)		
--	--	--

It is noted that during financial year 2019, Grant Thornton has been re-elected as co-auditor for the Company's individual annual accounts.

C.1.35. Indicate and, where applicable, give details as to whether there is a procedure for directors to be able to obtain the information needed to prepare for meetings of the governing bodies sufficiently in advance:

Yes.

Explain the procedure:

In accordance with article 16.2 of the Regulations of the Board, the call for ordinary meetings shall be made in accordance with the advance notice and the procedures stipulated in the Articles of Association.

The call shall always include the agenda of the meeting and shall have attached all the relevant information, properly summed up and prepared, sent long enough in advance to properly prepare the meeting. When, in the Chairman's opinion, this proves inadvisable for security reasons, the information shall not be attached and the directors will be informed of the possibility of examining this at the registered office.

C.1.36. Indicate and, where applicable, give details of whether the company has established rules obliging directors to report and where appropriate resign in cases in which the image or reputation of the company may be harmed:

Yes.

Explain the procedure:

Article 28.2 of the Regulations of the Board lays down the directors' obligation to inform the Appointments and Remuneration Committee about any criminal proceedings in which they are charged, as well as the later stages of the proceedings.

Article 22.3 envisages the directors' obligation to offer their resignation to the Board and if the latter considers this appropriate, to go through with this resignation if, amongst other reasons:

- (i) when they cease to occupy the executive posts which were associated with their appointment as director, except by express ratification by the Board of Directors, following a non-binding report to the Appointments and Remuneration Committee;
- (ii) when they incur in any of the legally foreseen cases of incompatibility or prohibition;
- (iii) when they are prosecuted for a supposedly criminal act or an order is brought against them to commence oral proceedings for any of the offenses indicated in article 213 of the Spanish Companies Act or are the object of disciplinary action of a serious or very serious nature by supervisory authorities;
- (iv) when they are seriously admonished by the Audit Committee for having failed to comply with their obligations as directors;
- (v) when their Directorship on the Board could place the best interests of the Company at risk or when the reasons for their appointment disappear; and

- (vi) in the case of a proprietary director, when the shareholder whose interests he/she represents on the Board sells his/her participation in the Company, or when they are reduced to below a level that reasonably justified such an appointment.

C.1.37. Indicate whether any member of the board of directors has notified the company that he/she has been prosecuted or that an order has been brought against them to commence oral proceedings for any of the offenses stipulated in article 213 of the Spanish Companies Act:

No.

C.1.38. Give details of any significant agreements which the company may have concluded and which may enter into force, be amended or terminated in the case of change of control of the company as a result of a public takeover bid, and the effects of the same.

Not applicable.

C.1.39. Identify in an individual manner, in the case of directors, and in a global manner in the rest of the cases, and indicate, in detail, the agreements between the company and its positions of administration and management or employees which may have indemnities, guarantee or protection clauses, whenever these may resign or be dismissed on unfounded grounds or if the contractual relationship comes to an end due to a public takeover bid or any other type of transactions.

Number of beneficiaries	63
Type of beneficiary	Description of the agreement
Board members (directors), executives and employees	The Group has agreements with employees and directors by virtue of which these may rescind their employment contracts with the Company unilaterally, being legally entitled to indemnities ranging from 2 to 5 years of salary in those cases where the control of the Company is taken over. Furthermore, contracts exist with 5 executives by virtue of which they will receive indemnities ranging from one year to 4 years of salary in different cases.

Indicate whether these contracts must be communicated and/or approved by the corporate bodies of the company or of its group. If so, explain the procedures, scenarios and nature of the bodies in charge of approving or making such communication:

	Board of directors	General Shareholders' Meeting
Body that authorizes the clauses	X	

	Yes	No
Has the General Shareholders' Meeting been informed about the clauses?		X

C.2 BOARD OF DIRECTORS' COMMITTEES

C.2.1. Give details of all board committees and their members, and the proportion of executive, proprietary and independent directors or other external directors that form these.

Audit Committee		
Name	Position	Category
Mr. STEVEN MAYER	Member	Independent
Ms. CARINA SZPILKA LÁZARO	Chairperson	Independent
Ms. BELÉN VILLALONGA MORENÉS	Member	Independent

% executive directors	0.00
% proprietary directors	0.00
% independent directors	100.00
% other external directors	0.00

Explain the functions attributed to this committee, including those added to the legally required. Describe the procedures and the organisational and operational rules. For each of these functions provide a summary of the most important activities carried out during the year, stating the practical implementation of the functions attributes by law, the articles of association or other company's resolutions:

The Audit Committee will have between three (3) and five (5) members that shall be appointed by the Board of Directors taking into account their knowledge, skills and experience in the Committee's duties as well as in accounting, audit and management of risk related-matters. The Audit Committee shall be exclusively composed by non-executive directors, of which the majority should be independent directors. The Board of Directors shall appoint the Chairperson of the Audit Committee, a position that shall be necessarily held by an independent director. The Chairperson must be replaced every four (4) years and may be re-elected after the term of one (1) year has elapsed. The Audit Committee shall be validly formed when half plus one of its members are present or represented and their resolutions are approved by absolute majority of the assisting members.

Basic responsibilities:

- Inform the General Shareholders' Meeting of questions raised in respect of those matters which are within the committee's competence and, in particular, with respect to the results of the audit, explaining how it has contributed to the integrity of the financial information and the Committee's role during the process.
- Inform the Board of Directors in advance about periodic financial statements, which the Company, due to its stock exchange listing must make public periodically.
- Inform in advance of the creation or acquisition of shareholdings in special purpose entities or domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature, which due to their complexity, could harm the transparency of the Group.
- Inform in advance of related party transactions.
- Inform of any matter that has or may have a material, financial or accounting impact.
- Supervise the preparation and presentation, and integrity of the mandatory financial information related to the Company and the Group, verifying compliance with regulation requirements, adequately defining consolidation boundaries and correctly applying accounting criteria, as well as making suggestions or submitting proposals to the Board of Directors, in order to safeguard its integrity.

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- Supervise the efficiency of the Company's internal control, internal audit and management of risk systems, periodically reviewing the internal control and management of risk systems, so that any principal risks are identified, dealt with and adequately recognized.
- Monitor the independence and efficiency of the internal auditing process; propose the selection, appointment, re-election and dismissal of the Director of the Internal Audit Department; propose the budget for this Department; receive periodic information on its activities; and verify that the top management takes into account the conclusions and recommendations of their reports.
- Set up and supervise procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or audit related-matters, as well as anonymous and confidential information provided by employees regarding questionable accounting or auditing issues.
- Submit to the Board of Directors any proposals regarding the selection, appointment, re-election and substitution of the auditor, being in charge of the selection process pursuant to the applicable regulations and of the terms of his contract.
- Be directly in charge of the remuneration and supervision of the work performed by the external auditor regarding the preparation or issuance of the audit report or of any other similar reports, relating to financial statements.
- Regularly and directly collect from the external auditor information about the development, impact and execution of the audits, as well as about the audit plan and results of its execution, and verify that top management considers their recommendations.
- Safeguard the external auditor's independence when performing his duties.
- Encourage the Group's auditor to undertake the responsibility of the audits of the companies that make up the group.
- Supervise compliance with the Internal Conduct Regulations in matters related to the Stock Exchange, the present Regulation, standards of conduct set out in the "Code of Ethics for Grifols Executives" and the "Code of Conduct for Grifols' Employees" and, in general, any other internal rules of governance of the Company, as well as make the necessary proposals for improvement.

The most significant actions carried out by the Audit Committee during the 2019 financial year were: (i) reviewing and approving the 2018 Annual Corporate Governance Report; (ii) reviewing and approving the Company's annual accounts (individual and consolidated) corresponding to the financial year ended on 31 December 2018, including the consolidated non-financial information statement; (iii) preparing a reasoned report on the auditor's independence; (iv) informing on the related-party transactions during financial year 2018; (v) approving the consolidated financial statements corresponding to the financial year 2018 prior to these being approved by the Board and being notified to the markets and supervising agencies, and approving the financial statements prepared under the IFRS IASB in order to submit them to the Securities and Exchange Commission; (vi) proposing to the Board of Directors: (a) the re-election of KPMG and Grant Thornton as co-auditors of the individual annual accounts of the Company for financial year 2019 and (b) the re-election of KPMG as auditor of the consolidated annual accounts of the Company for financial year 2019; (vii) propose to the Board a new wording for article 5 of the Regulations of the Board (Purpose and duties of the Board) to adapt its text to the current Companies Act; (viii) submitting a proposal to the Board of Directors regarding the approval of the 2018 Grifols' Corporate Responsibility Report; (ix) reviewing the Committee's performance; (x) pre-approving the different audit services provided by KPMG and (xi) monitoring the implementation of the crime prevention model.

Identify the director and member of the audit committee who has been appointed as such taking into account his/her accounting or auditing knowledge and experience, or both, and inform about the date that the chairperson of this committee has been appointed.

Name of the director who has accounting or auditing knowledge	Ms. CARINA SZPILKA LÁZARO
Appointment date of the Chairperson	23/02/2018

Appointments and Remuneration Committee		
Name	Position	Category
MS. MARLA ELIZABETH SALMON	Chairperson	Independent
MR. LUIS ISASI FERNÁNDEZ DE BOBADILLA	Member	Independent
MR. TOMÁS DAGÁ GELABERT	Member	Other External

% executive directors	0.00
% proprietary directors	0.00
% independent directors	66.67
% other external directors	33.33

Explain the functions attributed to this committee. Describe the procedures and the organisational and operational rules, and provide a summary of the most important activities carried out during the financial year, stating the practical implementation of the functions attributes by law, the articles of association or other company's resolutions:

The Appointments and Remuneration Committee shall be formed by three (3) to five (5) directors, appointed by the Board of Directors, taking into account their knowledge, competence and experience and the Committee's duties. The Appointments and Remuneration Committee shall be exclusively composed of non-executive directors, of which at least two must be independent directors. The Board of Directors shall appoint the Chairperson of the Appointments and Remuneration Committee. The position of Chairperson will necessarily be held by an independent director.

The Board of Directors shall appoint the Secretary of the Appointments and Remuneration Committee, who may be (a) one of the members of such Committee (and, in such case, he/she will be Secretary member of the Appointments and Remuneration Committee), (b) any other member of the Board of Directors of the Company who is not a member of the Committee (and, in such case, he/she will be Secretary non-member of the Appointments and Remuneration Committee), or (c) the Secretary or a Vice-Secretary of the Board of Directors of the Company (and, in such case, he/she will be Secretary non-member of the Appointments and Remuneration Committee). The Secretary shall draft the minutes of the resolutions adopted in each Committee meeting and shall report to the Board of Directors through its Chairperson.

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 the competence, knowledge and experience necessary to be in 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 least represented gender 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 being 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-optation 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 proposal and appointment and resignation of the Secretary and Vice-Secretaries of the Board;
- (h) to report the proposal of appointment and resignation 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 of 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 these Regulations.

The most significant actions carried out by the committee during 2019 were: (i) approving the 2018 annual remuneration report; (ii) approving the directors' selection and diversity policy; (iii) drafting the report on the prior analysis of the Board of Directors' needs; (iv) pre-selecting the candidates to appoint a new independent member of the Board of Directors; (v) proposing to the Board of Directors to appoint Ms. Enriqueta Felip Font as new independent director; (vi) proposing to the Board of Directors the re-election of Mr. Íñigo Sánchez-Asiáin Mardones as independent director of the Board of Directors; (vii) proposing to the Board of Directors the re-election of Ms. Carina Szpilka Lázaro as independent director of the Board of Directors; (viii) 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; (ix) proposing to the Board of Directors the re-election of Ms. Carina Szpilka Lázaro as member and Chairperson of the Audit Committee; (x) proposing to the Board of Directors the re-election of Mr. Tomás Dagá Gelabert as member of the Appointments and Remuneration Committee; (xi) proposing to the Board of Directors the re-election of Mr. Tomás Dagá Gelabert as Vice-Secretary of the Board of Directors; (xii) proposing to the Board of Directors the re-election of Mr. Íñigo Sánchez-Asiáin Mardones as Lead Director of the Board of Directors; (xiii) approving the evaluation of the Board of Directors to be performed internally; (xiv) reviewing the 2020 remuneration policy; (xv) annual review of the performance of the Committee, the Chairman and CEOs as well as reviewing and approving each director's category and (xvi) requesting to an external expert (Russell Reynolds) to provide an objective study on compensations for independent members of the Board of Directors for financial year 2020.

C.2.2. Complete the following table with information relating to the number of female directors forming the committees of the board of directors during the last four financial years:

	Number of female directors							
	FY 2019		FY 2018		FY 2017		FY 2016	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	2	67.00	2	67.00	2	67.00	2	67.00
Appointments and Remuneration Committee	1	33.00	1	33.00	1	33.00	1	33.00

C.2.3. State, where applicable, the existence of regulations governing the board's committees, the place where these are available for consultation, and any amendments that have been made during the financial year. It should also be stated whether any annual report on the work done by each committee has voluntarily been drawn up.

The Regulations of the Audit Committee are contained in (i) the Company's Articles of Association, (ii) the Regulations of the Board of Directors, and (iii) the Statutes of the Audit Committee.

The Appointments and Remuneration Committee is regulated in (i) the Company's Articles of Association and (ii) the Regulations of the Board of Directors.

The documents mentioned above are available on the Company's website.

The Committees inform the Board of Directors of the activities carried out and the resolutions adopted in each meeting. Additionally, in the last meeting held in 2019, each committee prepared a report on its functioning and performance.

D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure for the approval of transactions with related parties and intra-group transactions.

Pursuant to article 5 of the Regulations of the Board of Directors, the Board in full shall reserve the competence to approve, among others, those transactions which the Company may carry out with directors, significant shareholders or those represented on the Board of Directors or with persons related to these.

This authorization of the Board shall not, however, be understood as necessary in those related-party transactions which may simultaneously fulfil the three following conditions:

- 1) the ones carried out pursuant to contracts with standard conditions and applied on a large scale to a large number of clients;
- 2) performed at prices or rates established on general terms by those supplying the goods or services in question; and
- 3) that their amount does not exceed 1% of the Company's annual income.

The Board of Directors will approve related-party transactions only after the Audit Committee issues a favourable report. The directors which are affected by said related-party transactions, in addition to not exercising or delegating their voting right, are to leave the meeting room while the Board discusses and votes on these matters.

D.2. Give details of significant transactions due to their amounts or which may be relevant due to their subject areas which have been carried out between the company or entities of its group, and significant shareholders of the company:

Personal or corporate name of the significant shareholder	Personal or corporate name of the company or entity of its group	Nature of the relationship	Type of transaction	Amount (thousands of euro)
SCRANTON ENTERPRISES B.V.	Grifols, S.A.	Contractual	Others	7,104

The contractual relationship is between Centurión Real Estate S.A.U. and Grifols, S.A.; Scranton Enterprises B.V. (a significant shareholder of Grifols, S.A.) is the sole shareholder of Centurión Real Estate, S.A.U. The type of transaction is classified as "Payments for right-of-use assets".

D.3. Give details of significant transactions due to their amounts or which may be relevant due to their subject areas which have been carried out between the company or entities of its group, and directors or executives of the company.

Personal or corporate name of the directors or executives	Personal or corporate name of the related party	Relationship	Nature of the transaction	Amount (thousands of euro)
MR. THOMAS GLANZMANN	Grifols, S.A.	Thomas Glanzmann is a director of Grifols, S.A. and shareholder of Glanzmann Enterprises AG	Services agreement	220

D.4. Give details of significant transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the process of preparation of consolidated financial statements and do not form part of the standard transactions of the company in relation to its purpose and conditions.

In any case, information must be provided on any intra-group transaction carried out with entities resident in countries or territories that are treated as tax heavens.

Corporate name of the group subsidiary	Brief description of the transaction	Amount (thousands of euros)
FUNDACIÓN PRIVADA VICTOR GRIFOLS LUCAS	Management or collaboration agreements	440
PROBITAS FUNDACIÓN PRIVADA	Management or collaboration agreements	5,146
ALKAHEST, INC.	Sales	1
ALKAHEST, INC.	Operating expenses	19,263
ALKAHEST, INC.	Financial income	529
INTERSTATE BLOOD BANK, INC.	Purchases	42,858
INTERSTATE BLOOD BANK, INC.	Operating expenses	14
INTERSTATE BLOOD BANK, INC.	Financial income	135
ACCESS BIOLOGICALS LLC	Sales	9,948
ACCESS BIOLOGICALS LLC	Purchases	15
ACCESS BIOLOGICALS LLC	Operating expenses	101
PLASMAVITA HEALTHCARE GMBH	Sales	216
PLASMAVITA HEALTHCARE GMBH	Operating expenses	2,391

PLASMAVITA HEALTHCARE GMBH	Financial expenses	128
GIGAGEN, INC.	Operating expenses	3,869
GIGAGEN INC.	Financial expenses	30
ARADIGM CORPORATION	Financial income	296
SINGULEX, INC.	Financial income	1,305
INTERSTATE BLOOD BANK, INC.	Sales	31
PLASMAVITA HEALTHCARE GmbH	Purchases	5,427

D.5. Detail any significant transactions carried out with the company or the group companies and other related-parties that have not been reported in the section above.

Corporate name of the group subsidiary	Brief description of the transaction	Amount (thousands of euros)
Not applicable		N/A

D.6. Give details of any mechanisms set up to detect, determine and solve any possible conflicts of interest between the company and/or its group and its directors, executives or significant shareholders.

One of the general obligations of any director laid down in article 28.2 of the Regulations of the Board is to clearly express their opposition, in particular independent directors and other directors who are not affected by a potential conflict of interest, when this involves decisions that might harm the shareholders not represented on the Board.

Furthermore, article 30.2 of the Regulations of the Board establishes that a director must consult the Appointments and Remuneration Committee before accepting any management position in another company or entity that might represent a conflict of interests or affect their dedication.

Finally, article 31 establishes the following: (i) the director must refrain from attending and getting involved in discussions which affect matters in which he or she is personally, directly or indirectly, an interested party; and (ii) the director shall not be able to carry out, directly or indirectly, any professional or commercial transactions with the Company unless the situation of conflict of interests is informed of in advance, and the Board approves the transaction, after receiving a report from the Appointments and Remuneration Committee.

D.7. Is more than one company from the group listed in Spain?

NO

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the risk control and management system of the company including those related to tax matters.

The Company's management of risk system considers all kinds of risks, including those related to tax matters, and is applicable to the Company and the companies of its Group.

Regarding the affiliated companies over which the Company holds no control, the Company shall promote principles, guidelines and risk limits coherent with those established in the control and management of risk policy; it shall also keep the appropriate information channels to guarantee the adequate knowledge of the risks.

E.2. Identify the corporate bodies of the company responsible for the preparation and execution of the management of risk system including those related to tax matters.

The Board of Directors has the competence of approving the Control and Management of risk Policy, which sets forth the main principles and overall framework for action for the identification, evaluation, control and management of risks, of all nature, which the Company and the companies of its Group face.

The Audit Committee of the Company supervises the efficiency of the Company's internal control, internal audit and management of risk systems, including those related to tax matters, and reviews the internal control and management of risk systems, so that any principal risks are identified, dealt with and adequately recognized.

The Audit Committee is assisted by the Internal Audit Department in these functions. Specifically, the activities inherent to Internal Audit in relation to the management of risk system of the Company are:

- to provide a guarantee in relation to management of risk processes and the correct evaluation of the same, and
- to evaluate management of risk processes, including the overseeing of controls and procedures.

The Corporate Risk Committee, which reports to the Board of Directors, is in charge of developing the management of risk model and supervising the relevant risks of the Company and its subsidiaries, including tax risks.

The management of risk falls under the responsibility of the senior management and its main functions are:

- The identification and evaluation of relevant risks.
- Deciding how to approach relevant risks
- The definition and establishment of specific policies related to risks that develop and complement the Company's Control and Management of risk Policy.
- The implementation of the processes required to ensure proper control and fulfilment of the management of risk policies.

E.3. Indicate the main risks, including those related to tax matters, and those arising from corruption (with the scope of these risks as set forth in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of the business goals.

The main risk factors to which the Company is exposed are:

- Regulatory risks: derived from changes in regulations as set out by different lawmakers, or changes in social, environmental and tax regulations.
- Market risks: price fluctuations and other market factors, such as currency exchange, interest rates, price of raw materials or price of financial assets, among others.
- Credit risks: the possibility of a counterparty not fulfilling its contractual obligations causing an economic or financial loss to the Company.
- Business risks: the uncertainty regarding the behaviour of factors inherent to the Company's business, such as those related to demand, supply of raw materials or the introduction of new products.
- Operational risks: these refer to financial losses caused by inadequate internal processes, technological errors, human mistakes or as a result of external events. Operational risks also include environmental, social and governance risks, as well as legal risks and fraud risks, in addition to those related to information technology and cyber security.

- Reputation risks: potential negative impact related to different groups of interest shifting their views on the Company.

E.4. Indicate whether the entity has a level of risk tolerance, including those related to tax matters.

No.

E.5. Indicate which risks, including those related to tax matters, have materialized during the financial year.

During the financial year, some inherent risks to the Company's activities have been materialised and the established control systems worked correctly, enabling these risks to be properly managed.

E.6. Explain the response and supervision plans for the main risks of the entity, including those related to tax matters, as well as, the procedures followed by the company to ensure that the board of directors is ready to respond to the new challenges.

The contingency plans for each category of risk mentioned in section E.3 of this report are the following:

Regulatory risks

The Group has the necessary departments and the backing of specialized external consultants to ensure compliance with laws and rules applicable to it, including tax ones. Additionally, Grifols' Criminal Management of risk System ensures that proper measures are established to prevent crimes or significantly reduce the risks of committing them.

Market risks

The Group reduces market risks by the administration and control of the exposure to changes in market prices.

The Group has significant investments in its businesses abroad, whose net assets are subject to foreign exchange risks, in particular with the US Dollar. This risk is mainly managed by having borrowed resources in said foreign currencies.

The external resources issued at variable rates expose the Group to interest rate risks as regards cash flows. The resources issued at fixed rates expose the Group to interest rate risks at the fair value. The management of interest rates risks aims to achieve a balance in the structure of the debt, maintaining part of the fixed-rate debt securities and cover part of the variable debt rate through hedges.

The risk of the price of raw materials is minimized by the vertical integration of the hemoderivatives business.

Credit risks

The Group does not predict any significant insolvency risk.

Business risks

Demand risks are not significant since the demand for the main products marketed by the Company continue to show strong growth at global level.

The Company continues investing in R+D and innovation in order to minimize the uncertainty related to the emergence of new products that may have a negative effect on its business.

Operational risks

The main contingency and monitoring plans for the main operational risks are the following:

The cautious management of the liquidity risk based on the availability of cash and financing facilities by means of a sufficient amount of committed and unused long-term credit facilities, which enables the Group to carry out its business plan and operations with stable and ensured financing sources.

In section F of this report, the Internal Control System of Financial Information of the Company is detailed.

The Company's quality system covers all the production process, from when the raw material is obtained until the release of the finished product for marketing in order to minimize the risk of releasing onto the market a product that could have its quality, effectiveness or safety impaired.

The Company also has a system of control of claims and pharmacovigilance, for early detection of any possible quality, efficiency or safety problems and the adoption of the corrective measures. The systems for monitoring product traceability enable fast and effective withdrawal of any batch of product from the market at any time.

Grifols' environmental policy, which has the following objectives, amongst others:

- To minimize the environmental impact of new products and developments.
- To guarantee compliance with applicable legal requirements and other principles to which the organization subscribes.
- To implement pollution prevention techniques.

The system is based on the following mainstays:

- An uniform record system which covers operational and management procedures.
- Environmental Committees of the companies to appraise their environmental management, evaluate and decide on priority measures.
- The evaluation of any possible environmental impact when establishing the work processes.

Grifols' safety standards of our employees, stricter than legal requirements, are painstakingly documented.

The product responsibilities and possible incidents on the premises are furthermore covered by means of management of risk policies and overall insurance schemes.

The Data Protection Office supervises and ensures compliance with the data protection regulations within the organisation.

As regards the continuity of the business in the event of unexpected situations, which may interrupt the work at any critical factory, Grifols has alternative premises, which would allow on-going operations at an acceptable level during the contingency. As for information technology services all critical procedures are backed up. On the other hand, all the services are replicated or included in a crisis recovery plan enabling service to be given to the entire Group in contingencies.

Reputational risks

The Company has established corporate social responsibility policies, communication policies with financial markets and compliance with good practices in tax matters, among others. The fulfilment of these policies contributes to avoid reputational risks. There is also an internal communication team that continuously monitors the corporate image in the media.

The Board of Directors of Grifols has delegated responsibility for the monitoring and supervision of the internal control and management of risk systems to the Audit Committee. The Audit Committee shall inform about the results and any significant facts revealed in the periodic reviews of the internal control and management of risk systems it has conducted.

F INTERNAL CONTROL AND MANAGEMENT OF RISK SYSTEMS IN RELATION TO THE FINANCIAL INFORMATION ISSUING PROCESS (SCIIF)

Describe the mechanisms that make up the control and management of risk systems in relation to the financial information issuing process (SCIIF) in your entity.

F.1. CONTROL ENVIRONMENT OF THE ENTITY

INFORM STATING THEIR MAIN CHARACTERISTICS, IN RELATION TO AT LEAST THE FOLLOWING:

F.1.1. Which authorities and/or functions are in charge of: (i) the existence and maintenance of an appropriate and effective SCIIF; (ii) their implementation, and; (iii) their overseeing.

Board of Directors:

The Board of Directors of the Company is ultimately responsible for the existence, maintenance and overseeing of an appropriate and effective SCIIF. In accordance with its Regulations, the Board of Directors has delegated this responsibility to the Audit Committee.

Audit Committee:

Article 14, section 5 (c) of the Regulations of the Board of Directors of the Company establishes the basic responsibilities of the Audit Committee with regard to internal reporting and control systems, which include, among others, the following:

- Supervise the preparation and presentation, and integrity of the mandatory financial information related to the Company and the Group, verifying compliance with the regulation requirements, the adequate defining of consolidation boundaries and the correct application of accounting criteria;

- Supervise the efficiency of the Company's internal control, internal audit and management of risk systems, including those related to tax matters, periodically reviewing the internal control and management of risk systems, so that any principal risks are identified, dealt with and adequately recognized, as well as discussing, with the auditor, any major flaws in the control system identified during the audit process;

- Monitor the independence and efficiency of the internal auditing process; propose the selection, appointment, re-election and dismissal of the Director of the Internal Audit Department; receive periodic information on its activities; and verify that the top management takes into account the conclusions and recommendations of their reports; and

- Set up and supervise procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or audit related-matters, as well as anonymous and confidential information provided by employees regarding questionable accounting or auditing matters.

The members of the Audit Committee are appointed taking into consideration their knowledge, skills and experience in accounting, auditing and management of risk matters.

The Audit Committee has an internal audit function which, under its supervision, reviews the reliability, integrity and consistency of financial-accounting information, evaluating its risks and

the controls implemented to mitigate them, and informs regularly on work performed and measures proposed for the correction of the same.

Finance / Accounting Policies and Internal Control:

The Finance Department has an Accounting Policies & Internal Control function with responsibility for developing and implementing policies, procedures and controls on financial information and overseeing their fulfilment. This function communicates approval of internal control policies and procedures for financial information to the companies of the Group and maintains the documentation related to financial information procedures and controls up-to-date.

The internal financial information control system of Grifols is evaluated internally, every year, by independent staff.

F.1.2. If these exist, especially in relation to the process of preparation of financial information, the following elements:

Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and functions, and; (iii) ensuring the existence of sufficient procedures for the correct usage thereof in the entity.

The design and review of the organizational structure and the definition of the lines of responsibility and authority are carried out by the Board of Directors via the CEOs.

The distribution of tasks and functions is carried out in order to guarantee the efficacy and efficiency of the operations, ensuring an appropriate segregation of functions.

The detailed organizational chart of the functions of the Group is available to all of the employees of the Group in the Intranet of the Company.

Code of conduct, corporate body of approval, level of implementation and instruction, principles and values included (stating whether there are any specific mentions of the register of operations and preparation of financial information), the authority in charge of analysing non-fulfilments and proposing corrective actions and penalties.

Code of Conduct:

The Code of Conduct of the Group establishes the rules of conduct, applicable to all employees and members of the Board of Directors and other administrative bodies of all the companies of the Group, both in relation to their own colleagues and as regards to third parties.

Section 10 of the Code of Conduct is dedicated to the "Reliability of financial information and dissemination". In this respect, it establishes that:

- Financial statements, books, records and accounts of Grifols must reflect the operations reliably and in accordance with legal requirements and accounting principles. The dissemination of dishonest information, whether internally or externally, is absolutely forbidden.

- The Chief Executive Officers and the Finance Department's executives, the chief financial officer included, as well as the accounting officers, controllers and the person(s) performing similar functions are responsible for the complete, true, fair, accurate and understandable disclosure of any reports that Grifols must regularly submit to the CNMV (Spanish Stock Exchange Commission) and the SEC (the United States Securities and Exchange Commission).

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- In its relationship with the markets, Grifols' policy is one of transparency. The public financial statements, the information for regulatory bodies, and, in general, the information published in any mean must be exact and complete in all aspects.

-The market will be promptly informed of any circumstance that may affect the price of quoted shares.

The Code of Conduct is published as internal regulations in the Group's Intranet, available to all employees, and on the Company's website (www.grifols.com).

In its section 14, the Code of Conduct establishes that "Non-fulfilment of the Code of Conduct by any employee or manager of Grifols shall be considered a serious breach of his or her obligations with Grifols and it may even lead to his or her dismissal".

Ethical Code for Executives:

The Board of Directors approved the Ethical Code for Executives in 1998 and amended it in 2008. Currently, the Ethical Code for Executives is under review to be updated.

This Code must be considered as a general framework of the basic principles that govern the actions of employees and other people working for the group, inspired by the ethical values by which the Company has always been governed, the main priority of which is the utmost safety and efficacy of its products.

The executives of all of the companies of the Group must read and accept the content of the Ethical Code every year.

Non-fulfilment of any of the ethical principles of the Company is a cause for dismissal.

Any possible non-fulfilment, either of the Code of Conduct or of the Ethical Code, must be notified to the Audit Committee for analysis and, where applicable, correction and/or penalties in relation thereto.

The Board of Directors, in its meeting held on 28 October 2016, resolved to approve the Internal Code of Conduct on Matters Related to the Securities Market, in order to comply with market abuse regulations, specifically European Regulation 596/2014. This Internal Code of Conduct on Matters Related to the Securities Market is available on the Company's website.

Reporting channel, which is to enable communication to the Audit Committee of any irregularities of a financial and accounting nature, in addition to any possible non-fulfilments of the code of conduct and irregular activities in the organization, informing, where applicable, of whether this is of a confidential nature.

The Company has a reporting channel which allows for concerns of an ethical nature to be submitted, and for the reporting of any behaviour contrary to the Code of Conduct, to the policies or procedures of the Company or to law, in a confidential and anonymous manner. It is currently available in 25 countries and in twelve languages as well as in English and Spanish. For the rest of the countries in which the Company is present, an internal communications channel exists for the reporting of any behaviour contrary to the Code of Conduct.

The reporting channel is managed by an external provider which classifies them according to their nature. The Internal Audit Management informs the Audit Committee, regularly, in relation to all issues reported and the results of the investigations and the measures adopted.

Training programmes and regular updates for the personnel involved in the preparation and review of the financial information, as well as in the evaluation of the SCIIF, covering, at least, accounting regulations, audit, internal control and management of risk.

It is a responsibility of the Finance Management and of the Corporate Accounting and Reporting function, dependent on the former, to ensure that all personnel involved in the preparation of the financial statements of the Group have the appropriate training and receive annual updates on International Financial Information Standards and in principles of internal control of financial information. The mentioned personnel regularly attend refresher seminars in the mentioned subject areas, presented by an external provider, and it regularly receives various publications, to which the Company subscribes, which offer up-to-date information on the evolution of the business and regulatory environment of the activities performed by the Group and on International Financial Information Standards and internal control.

F.2. EVALUATION OF FINANCIAL INFORMATION RISKS

Inform, at least, in relation to the following:

F.2.1. Which are the main characteristics of the risk identification process, including those of error or fraud, in relation to:

If the process exists and has already been documented:

The Company is subject to compliance with the United States Act "Sarbanes-Oxley".

The risk identification process in the financial information is documented in the methodological guide for compliance with the United States Act "Sarbanes-Oxley" (Grifols – SOX Methodology). The document explains in detail, among other information, the approach applied in relation to the following aspects:

- Identification of risks and definition of the scope;
- Management controls (also known as Entity Level Controls);
- General controls of the information systems;
- Documentation of processes;
- Strategy of controls testing.

If the process covers the totality of the financial information goals (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), if it is updated, and how often:

Financial information risks materialize in five categories: integrity, existence and occurrence, valuation, presentation and breakdown and rights and obligations. The aim of the first three is to ensure that the accounts contain entries relating to real transactions, booked accurately. The last two are aimed at the rights and obligations being presented and described correctly in the financial statements.

In 2019, Internal Control identified the financial information risks with data from the financial year closed at 31 March 2019 and updated the analysis during the financial year, the last being with data referring to 31 December 2019.

The existence of a process for the identification of the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental entities or those with special purposes:

The Company keeps a company shareholding book which contains the totality of the participations in the Group, both direct and indirect, as well as any entities in which the Group may have the capacity to exercise control irrespective of the legal form by means of which such control may be exercised, including, therefore, where appropriate, both instrumental companies and those of special purposes.

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The scope of consolidation of the Company is determined monthly by the Corporate Accounting and Reporting / Consolidation and Reporting management, under the Finance Department, depending on the corporate record information and in accordance with International Accounting Standards and other local accounting regulations.

Overseeing the appropriate delimitation of the scope of consolidation is a responsibility of the Audit Committee.

Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that these may affect the financial statements:

The risk identification process of the Company is based on the evaluation of risks in the accounting entries of the financial statements.

An accounting entry is considered significant whenever a reasonable possibility of containing an error that, individually or jointly with others, it may have a material effect on the financial statements.

In order to determine whether an entry is significant, the Company considers both quantitative factors (the size and composition of the entry and the volume of the transactions recorded) and qualitative ones (uniformity and centralization of transactions, complexity and inherent risk). Operational, technological, financial, legal, reputational and environmental risks, etc., to the extent which they may affect the financial statements, are considered in the qualitative valuation.

Which company's governing body supervises the process:

The supervision of the financial information risk identification process is carried out by the Audit Committee as part of its functions in relation to the information and internal control systems, detailed in section F 1.1. of this report.

F.3. CONTROL ACTIVITIES

Inform, stating their main characteristics, if you have at least the following:

F.3.1. Procedures for review and authorization of the financial information and the description of the SCIIF, to be published in securities markets, stating those responsible, as well as the documentation describing the flows of activities and controls (including those relating to fraud risk) of the different kinds of transactions which may have a material impact on the financial statements, including the procedure for accounting closure and the specific review of relevant opinions, estimates, valuations and forecasts.

The Company provides financial information to the securities market on a quarterly basis. The information is prepared and reviewed by the different units which make up the Finance Department of the Company and requires approval by the Corporate Finance Director.

The Audit Committee supervises the information that is submitted to the market. To do so, it is in possession of the conclusions of the external auditors on the results of their review of the annual and half-yearly consolidated financial statements. Finally, the Audit Committee communicates its conclusions on the financial information to the Board of Directors, which approves its publication.

The internal financial information control system of Grifols was implemented in order to comply with section 404 of the United States Act "Sarbanes-Oxley".

The initial point of the system is the management controls, also known as Entity Level Controls (hereinafter ELC). These controls work transversally, and are designed to supervise the effectiveness of the internal control system as a whole.

The Company classifies the ELC identified in accordance with the COSO control framework, which considers the following components:

- Control environment;
- Evaluation of the risk;
- Monitoring activities;
- Information and communication;
- Supervision;

Based on the analysis of the most important transactions, the business processes which must be documented are identified. The Company has identified the following business processes that group together all of the activities of the Group:

- Closure of the financial statements;
- Purchases and accounts payable;
- Sales and accounts receivable;
- Inventory;
- Treasury;
- Human Resources;
- Intangible fixed assets;
- Tangible fixed assets;
- Taxes.

The 9 main business processes are divided into sub-processes, adapted to the particularities of the business operations of each country or region.

For each process / sub-process, the following basic components have been identified:

- Control objectives: Control requirements which must be fulfilled in each activity of the process. They are intended to ensure the reliability of the financial information, covering the premises of integrity, existence and occurrence, valuation, presentation and breakdown and rights and obligations.

- Risks: The possibility of an event or action affecting the capacity of the Group to achieve its financial information goals, including the risk of fraud.

- Control: Policies and procedures and other resources established in order to ensure that control objectives are achieved in order to prevent or detect any material errors in the financial statements and/or fraudulent activities. The controls of the process are incorporated into the operations of the same.

Internal Control and Internal Audit have carried out tests to verify the correct operation of the controls. The shortfalls identified, where applicable, have been validated with the person responsible for the process, with action plans that have been considered necessary being agreed.

The persons responsible for the processes have confirmed that the risks and controls documented are correct as at 31 December 2019.

F.3.2. Policies and procedures for internal control over information systems (among others, over access security, change control, operation of the same, operational continuity and segregation of functions) supporting the relevant processes of the entity in relation to the preparation and publication of financial information.

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The global Information Technologies (IT) division of the Company is responsible for the information systems of all the companies of the Group in the different territories where they operate. As part of its functions, the definition and monitoring of security policies and procedures for applications and infrastructures are included.

The internal control system of the Company identifies the applications and infrastructures that support the relevant processes in relation to the preparation and publication of the financial information and evaluates the reliability of their general controls.

In the evaluation of the general controls of IT, the system covers the following processes:

- Management of identities and authorizations for access;
- Development and implementation of new projects;
- Evolutionary and corrective changes;
- Environmental control and physical access to data processing centres;
- Safeguarding of information, recovery and continuity plans;
- Operation and monitoring of systems and applications;
- Incident management;

Any weaknesses detected, whenever no compensatory controls to mitigate these are identified, are corrected by means of specific remediation plans.

In addition, for the security of the information, the Company has a number of policies and procedures which establish and define, among others, the following operational principles:

- Development methodology: covering from the taking of requirements to the testing and acceptance by the business unit, it has the main objective of ensuring that the systems behave as they have been defined;
- Flows of review and approval of the specifications and documentation on the design of applications, changes to programs and systems, as well as the assignment of points of access to the information;
- Monitoring of the availability of systems and applications, the integrity of the data exchanged between the relevant applications as well as the security events;
- Segregation of functions based on an incompatibility matrix, supervised by the persons responsible for the different business processes;
- Recovery plan in a secondary location for the relevant systems;
- Policy on the use of the information systems.

The management of the information security and associated technological assets, as well as the responsibility, in the environment of IT processes, for compliance with regulations is a responsibility of the following bodies:

- IT Risk and Security Committee: It regularly analyses the different reports on risks, incidents and regulatory changes and proposes the action plans it considers appropriate in order to protect the information assets and to reach and maintain the desired level of security. It also coordinates the different activities related to the implementation of the proposed action plans.
- IT Management of risk Function: Its main mission is to analyse the risks of the different processes, systems and applications and maintain them at levels accepted by the Company, developing and coordinating the implementation of controls, where applicable;
- IT Security Function: It defines the policies, manages vulnerabilities and coordinates the implementation of the security program in IT infrastructures.

F.3.3. Policies and procedures of internal control intended to oversee the management of activities sub-contracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may have a material impact on the financial statements.

The Company demands providers of the main services to present an independent report on their internal control structure in accordance with Public Company Accounting Oversight (PCAOB) standard SSAE16 and/or carries out tests on the same directly in order to verify the correct operation of controls, especially those which affect the internal control of the Company itself.

When the Company uses the services of an independent expert, it verifies its competence and technical and legal capacity. Skilled personnel of the Company review these reports in order to validate the reasonability of their conclusions.

F.4. INFORMATION AND COMMUNICATION

Inform, stating their main characteristics, if you have at least the following:

F.4.1. A specific function in charge of defining, keeping account policies (accounting policies area or department) up-to-date and resolving any queries or conflicts derived from the interpretation thereof, maintaining fluent communication with the persons responsible for the operations in the organization, as well as an up-to-date manual of accounting policies communicated to the units via which the entity operates.

In the Finance Department, there is a unit, named Accounting Policies & Internal Control, the functions of which, among others, include the following:

- To define and maintain the accounting policies of the Group up-to-date;
- To analyse particular transactions carried out or planned in order to determine their appropriate accounting treatment;
- To analyse the impact of regulatory accounting changes on the financial statements of the Group;
- To solve any queries on the application of the accounting policies of the Group.

The accounting policies of the Group, based on the international financing reporting standards, are included in a manual ("Finance Manual"), which is kept permanently up-to-date and is available to all employees via the Intranet of the Company.

F.4.2. Mechanisms to capture and prepare financial information with uniform formats, applicable to and used by all of the units of the entity or of the group, which support the main financial statements and the notes, as well as the information set down in detail on the SCIIF.

All of the companies of the Group report their individual financial statements and the notes or breakdowns necessary for the preparation of the consolidated annual accounts to the Consolidation and Reporting Unit, integrated within the Finance Department.

The information is captured in uniform formats on a computing tool (BI) which uses one single accounting plan. The loading of the information into the mentioned centralized tool is automatic, from the SAP-FI tool of the Company (transactional, implemented in the majority of the subsidiary companies), or manual for those companies in which the system has not been implemented. The information captured in BI is transferred to a SAP module (BPC) where the Consolidation and Reporting Unit carries out and documents the consolidation process.

The SCIIF is supported on a single computing system, administered by Accounting Policies & Internal Control and accessible to all the persons responsible for the documented business processes and Internal Auditing.

F.5. SUPERVISION OF THE OPERATION OF THE SYSTEM

Inform, stating their main characteristics, at least the following:

F.5.1. The SCIIF supervisory activities carried out by the audit committee, as well as if the entity has an internal audit function which may, among its competences, have that of supporting the committee in its task of supervising the internal control system, including the SCIIF. Furthermore, information is to be provided on the scope of the SCIIF carried out in the financial year and on the procedure by means of which the person responsible for executing the evaluation communicates its results, whether the entity has an action plan detailing any possible corrective measures, and if the impact of these on the financial information has been considered.

The Audit Committee is regularly informed of the internal evaluation of the SCIIF, described in section F3.1. of this report. Specifically, the Internal Audit function informs on the scope of the evaluation, on the level of progress, and, where applicable, on any shortfalls detected, on their impact on the financial information and on the action plans established. It also identifies and communicates, where applicable, any fraud involving agents or employees.

As of 31 December 2019, no material weaknesses have been identified in the review carried out on the internal control system.

In accordance with the foregoing, the management of the Company understands that the internal financial information control model is effective as of 31 December 2019.

F.5.2. If it has a procedure for discussion by means of which the accounting auditor (in accordance with that established in the auditing technical standards), the internal audit function and other experts, may be able to communicate to the senior management and to the audit committee or managers of the entity any significant weaknesses in internal control identified during the processes of review of the annual accounts or any others with which they may have been entrusted. In addition, it is to inform on whether it has an action plan to endeavour to correct or mitigate any weaknesses observed.

The Internal Audit function communicates to the senior management and to the Audit Committee any significant shortfalls in the internal control system which it has identified in its reviews, as well as the action plans established in order to mitigate them.

The accounting auditor of the Group has direct access to the senior management and to the Audit Committee, holding regular meetings in order to obtain the information necessary to perform its work and to communicate any weaknesses detected in the internal control system.

At the same time, the accounts auditor annually presents a report to the Audit Committee in which it details any shortfalls it has detected in the internal control system during the performance of its work.

F.6. Other relevant information

Nothing to be highlighted.

F.7. EXTERNAL AUDITOR'S REPORT

Report on:

- F.7.1. If the SCIIF information sent to the markets has been subjected to review by the external auditor, in which case the entity must include the corresponding report as an annex. If it has not, information must be provided on the reasons for this.**

The Company has not requested a report from the external auditor reviewing the SCIIF information described in this report given that, with this being subject to the Sarbanes-Oxley Act, the external auditor shall issue the corresponding report on the effectiveness of the internal financial information control system, which shall be deposited together with the annual financial information in the SEC and published on the Company's corporate webpage.

G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the extent to which the company follows the recommendations of the unified code of good governance for listed companies.

If any of these recommendations are not complied with, or are complied with partially, give a detailed explanation of the reasons in order for the shareholders, investors and the market in general to have sufficient information in order to value the actions of the company. Explanations of a general nature shall not be acceptable.

1. **The Articles of association of listed companies should not place any upper limit on the number of votes that can be cast by a single shareholder, or impose other restrictions hindering the control of the Company by means of purchasing its shares on the market.**

Complied with

2. **When a dominant and a subsidiary Company are stock market-listed, both should publicly disclose in detail**

a) **The respective areas of work engaged in and possible business dealings between them, as well as those of the subsidiary Company listed with other Group companies.**

b) **Any mechanisms planned to settle any possible conflicts of interest that might arise.**

Not applicable

3. **During the annual general meeting the chairman of the board of directors should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:**

a) **Changes taking place since the previous annual general meeting.**

b) **The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.**

Complied with

4. **The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.**

This policy should be disclosed on the company's website and completed with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complied with

5. **The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of the capital at the time of such delegation.**

When the board of directors approves any issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complied with

6. **Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:**

- a) **Report on auditor independence.**
- b) **Report on the performance of the Audit Committee and the Appointments and Remuneration Committee.**
- c) **Audit committee report on third-party transactions.**
- d) **Report on corporate social responsibility policy.**

Complied with

7. **The company should broadcast its general meetings live on the corporate website.**

Explain

The Company does not broadcast its shareholder meetings live on the corporate website because the Company does not consider it necessary due to the high attendance rates at the shareholders' meetings.

8. **The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairperson of the audit committee and the auditors should give clear account to shareholders of their scope and content.**

Complied with

9. **The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings or delegation of voting rights, and display them permanently on its website.**

Such conditions and procedures should encourage shareholders to attend and exercise their rights, and be applied in a non-discriminatory manner.

Complied with

10. **When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:**
- a) **Immediately circulate the supplementary items and new proposals.**
 - b) **Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that the new agenda items and alternative proposals can be voted on the same terms as those submitted by the board of directors.**
 - c) **Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.**
 - d) **After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.**

Not applicable

11. **In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.**

Not applicable

12. **The board of directors should perform its duties with unity of purpose and independent judgment, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximizing its economic value.**

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect of commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complied with

13. **The board should have the optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.**

Complied with

14. **The board of directors should approve a director selection policy that:**

- a) **Is concrete and verifiable.**
- b) **Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.**
- c) **Favours a diversity of knowledge, experience and gender.**

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened, that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by female directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complied with

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the percentage of ownership interests in the company capital that the executive directors control.

Complied with

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholding.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complied with

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalization, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of board places.

Complied with

18. Companies should disclose the following director particulars on their website and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director category to which they belong, in the case of proprietary directors, indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complied with

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a

formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's' number should be reduced accordingly.

Complied with

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the articles of association, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up news posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complied with

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complied with

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even when he or she is not a director.

Complied with

24. **Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a relevant event, the motivating factors should be explained in the annual corporate governance report.**

Complied with

25. **The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.**

The board of directors' regulations should lay down the maximum number of company boards on which directors can serve.

Complied with partially

The Regulations of the Board of Directors do not establish any rules on the maximum number of boards that its directors may join; however, to ensure that directors have enough time to carry out their duties effectively, the director selection policy considers this possibility.

26. **The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.**

Complied with

27. **Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.**

Complied with

28. **When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, they should be recorded in the minute book if the person expressing them so requests.**

Complied with

29. **The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.**

Complied with

30. **Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programs when circumstances so advise.**

Complied with

31. **The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so that they can study the matter beforehand or gather together the material they need.**

For reasons of urgency, the chairperson may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complied with

32. **Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.**

Complied with

33. **The chairperson, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's articles of association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluation of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.**

Complied with

34. **When a lead independent director has been appointed, the articles of association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairperson or vice chairperson; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.**

Complied with partially

The Regulations of the Board of Directors do not assign these duties to the lead director; however, in practice, he assumes most of these additional duties, because, for instance, he attended the Investor Day organized by the Company on an annual basis.

35. **The board secretary should strive to ensure that the board's action and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.**

Complied with

36. **The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:**
- a) **The quality and efficiency of the board's operation.**
 - b) **The performance and membership of its committees.**
 - c) **The diversity of board membership and competences.**
 - d) **The performance of the chairperson of the board of directors and the company's chief executive.**
 - e) **The performance and contribution of individual directors, with particular attention to the chairpersons of board committees.**

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complied with

37. When an executive committee exists, its membership mix by director category should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Not applicable

38. The board should be kept fully informed at all times of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Not applicable

39. All members of the audit committee, particularly its chairperson, should be appointed with regard to their knowledge and experience in accounting, auditing and management of risk matters. A majority of committee places should be held by independent directors.

Complied with

40. Listed companies should have a unit in charge of internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairperson or the chairperson of the audit committee.

Complied with

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complied with

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external audit does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV (Spanish Stock Exchange Commission) as a relevant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complied with

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complied with

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complied with

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economical risks of contingent liabilities and other off-balance sheet risks.
- b) The determination of the risk level the company sees as acceptable.

- c) **The measures in place to mitigate the impact of identified risk events should they occur.**
- d) **The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.**

Complied with

46. **Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:**

- a) **Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.**
- b) **Participate actively in the preparation of risk strategies and in key decisions about their management.**
- c) **Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.**

Complied with

47. **Appointees to the Appointments and Remuneration Committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.**

Complied with

48. **Large cap companies should operate separately constituted Appointments and Remuneration Committees.**

Explain

As of today, the Company does not consider it is necessary to have two separate committees. One committee is able to assume both tasks and ensure the proper performance of its functions.

49. **The nomination committee should consult with the company's chairperson and chief executive, especially on matters relating to executive directors.**

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complied with

50. **The remuneration committee should operate independently and have the following functions in addition to those assigned by law:**

- a) **Propose to the board the standard conditions for senior office contracts.**
- b) **Monitor compliance with the remuneration policy set by the company.**

- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complied with

51. The remuneration committee should consult with the company's chairperson and chief executive, especially on matters relating to executive directors and senior officers.

Complied with

52. The terms of reference of supervision and control committees should be set out in the board of directors' regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Complied with

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established *ad hoc* by the board under its powers of self-organization, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complied with

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complied with

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complied with

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgment of non-executive directors.

Complied with

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis

of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complied with

58. **In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.**

In particular, variable remuneration items should meet the following conditions:

- a) **Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.**
- b) **Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.**
- c) **Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based only on one-off, occasional or extraordinary events.**

Complied with

59. **A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.**

Complied with

60. **Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.**

Complied with

61. **A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.**

Complied with partially

Executive directors may decide the amount (maximum 50%) of their variable remuneration they wish to receive in Company's Class B shares; however, the delivery of shares is not mandatory and it may occur that the variable remuneration is not delivered in shares.

The Company does not consider that the plan it implements may be deemed to be a shares remuneration plan.

62. **Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares**

equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Explain

Executive directors have no restrictions with regard to the transferability of shares and they are entitled to receive Class B shares two years and one day after the date of their appointment as directors.

63. **Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.**

Complied with

64. **Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.**

Explain

The contracts of the executive directors are standard contracts since they do not include specificities beyond the normal ones for this type of contracts. Notwithstanding the foregoing, those contracts include a takeover clause, according to which, if a takeover takes place, they may choose between continuing or ending their contractual relationship with the Company. In the latter case, executive directors shall be entitled to receive compensation in an amount equivalent to five years of salary. If the contract ends by virtue of the will of the Company the compensation would be in an amount equivalent to two years of salary, being this in line with those compensation agreements of similar companies.

The termination payments in case of a takeover are calculated on the basis of 5 years, they 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' executive directors is moderate. Moreover, the amount is considered reasonable given that the contracts include non-compete clauses for a 1 year period. Additionally, the characteristics of the industry in which the company operates, with 3 principal actors, has led to Grifols adopting a specific policy on termination payments.

H OTHER INFORMATION OF INTEREST

- 1. If there are any relevant aspects connected with the corporate governance in the company or in the entities of the group which has not been covered in the other sections of this this report, but which it may be necessary to include in order to ensure more complete and reasoned information on the structure and practices of the governance in the entity or in the group, give brief details of these here below.**
- 2. You may also include in this section any other information, explanation or qualification connected with the previous sections of the report, insofar as these are relevant and not reiterative.**

Specifically state whether the Company is subject to any legislation other than Spanish law as regards its corporate governance and, where applicable, include the information that you are obliged to supply other than what is required herein.

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

3. **The Company may also state if it has voluntarily subscribed to any other codes of ethical principles or good practices, whether international, sectorial or of any other scope or area. Where applicable, the code in question and the date of subscription are to be identified. In particular, it should be mentioned whether the Company has adhered to the Code of Good Tax Practices of 20 July 2010.**

The Board of Directors of the Company in a meeting held on 26 October 2018 resolved that the Company adhere to the Code of Good Tax Practices of 20 July 2010.

This corporate annual governance report has been approved by the Company's Board of Directors, at its session held on 21/02/2020

Please indicate whether there were any directors who have voted against or abstained as regards the approval of this Report.

NO