

May 10, 2024

Dear Shareholder,

At our upcoming AGM Grifols will present a recap of our eventful journey of 2023, which along with the past months saw many developments impacting the company.

The announcement we made in February to separate ownership from management was truly historic. It goes back to 2022, when Raimon Grifols and Victor Grifols Deu, reflecting on the future needs of the company, worked with the Board of Directors on a well-planned series of moves and transitions that culminated in February 2024 with the appointment of Nacho Abia as a new Board member. He assumed the role of CEO in April. Raimon and Victor will now serve on the Board as proprietary directors in a non-executive capacity.

We began 2024 with great momentum. What should have been a continuation of our succession plan and a celebration of record 2023 revenue was suddenly overshadowed by the unprecedented attack by the opportunistic short seller Gotham City Research. Over the last four months our company was subjected to exhaustive scrutiny and continuous questioning. Although our financials have always been sound and duly reported – subsequently verified and confirmed by the Spanish regulator and our auditors – the issue unfortunately greatly impacted our share price and, above all, our reputation.

### **Grifols takes action**

From the very beginning, Grifols took assertive and decisive action to defend itself. This company has a proud history of 115 years, characterized by high integrity and ethical practices in everything we do. There was no way we were going to take the false and unjustified accusations without a fight. We communicated repeatedly to refute the allegations. Our prompt responses to the Spanish regulator included accurate and thorough detail and clarifications on financial information. We answered fully, on time and with a collaborative willingness. We had and have nothing to hide.

We frequently assessed the situation through two standing bodies. At our twice-weekly Board meetings, the members received updates on the situation while asking pointed and direct questions on what the company was doing and where additional measures could be taken. From January through May, the full Board met a total of 14 times. The Audit Committee, which was involved from day one – as were the heads of Internal Audit and the Finance team – spoke frequently with both audit firms, KPMG and Deloitte, participated in dozens of calls and met on six occasions. The independent Board members also held multiple conversations with the lead independent director. In short, the Board was very active in addressing, among other things, a coordinated response and action plan. All Board members and the Finance team were fully involved, working around the clock to manage the situation and regain the trust of investors and the market.



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In parallel, I personally chaired the second task force, a working group including Board members, the leaders from our communications, legal and finance teams as well as outside expert counsel. We constantly exchanged ideas and proactively prepared plans to protect the company through rigorous and appropriate internal and external actions and communications.

On the legal front, at the end of January Grifols filed lawsuit in the United States District Court for the Southern District of New York. Lawyers representing Grifols and the defendants recently agreed to a timetable in which the judge will hear motions from both sides. We are confident in our case.

Most importantly, all throughout we remained dedicated to meeting the needs of our patients and customers and serving our donors. Even though the surrounding circumstances were anything but usual, we kept our business focus and continued delivering our lifesaving medicines and healthcare solutions. It has been gratifying to receive the support from these mission-defining stakeholders, who depend on us day in and day out.

Grifols has always stood by the accuracy of the financial information it has reported. On March 21, 2024, the CNMV issued the conclusions of its investigation, for which we cooperated completely. The regulator confirmed that the Grifols debt figure reported in our financial statements was correct, though it asked for additional disclosures (all provided diligently and promptly). It did not ask for a restatement of our financials, but rather the reexpression of a specific transaction. Regarding related-party transactions, it was proven that all took place under arm's length conditions, though in some cases more information was requested. We communicated these conclusions to the financial community and all stakeholders on the very same day, March 21, 2024 (see Grifols website).

Even before the short-seller episode, Grifols was already taking action to position the company for sustained future profitable growth. We have taken important steps in reducing our debt. Just recently, we successfully completed our previously announced EUR 1 billion private placement of senior secured notes. This, along with the expected closing in June of the sale of a 20% stake in Shanghai RAAS to Haier Group – we recently announced that the deal had met all government approval procedures– represents a significant step forward in addressing the 2025 maturities and strengthens the company's long-term financial framework.

## **Reinforcing the Board**

Along with the changes in our executive leadership, there have been considerable corporate governance enhancements to the Board. In addition to Nacho, the Board will soon be reinforced with two new independent members, both of whom will add value in finance and corporate Board governance, pending approval of their appointments at the AGM. This will further strengthen the strict controls already in place to ensure we are articulating the company's financial profile and structure as clearly as possible. Furthermore, with these two new female members, Grifols would be complying ahead of time with the future legal requirement to have women make up at least 40% of the Board, demonstrating our commitment to diversity.

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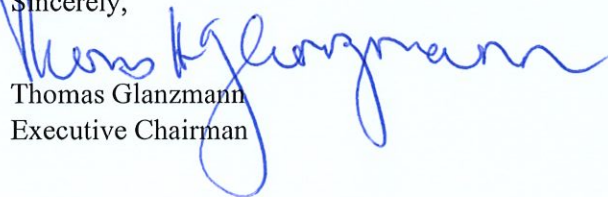
As the Board continues to work diligently on behalf of our shareholders, it has also thoroughly reviewed, approved and published an updated policy on related-party transactions and an enhanced matrix on Board skills and competencies. This in addition to a revamped regulation on the annual evaluation of the Board.

To ensure alignment with shareholders, Grifols Investor Relations and the lead director also proactively initiated an outreach program after the 2023 AGM to first solicit input and feedback from stakeholders and global proxy advisors. This program was followed up in recent weeks with meetings to share governance changes that are being implemented.

On behalf of the company I would like to thank the Board and the committee chairs for all the support and guidance over the last year, and especially in recent months. We are also enormously grateful to both Raimon and Victor, as well as to Victor Grifols Roura, for their tremendous contributions to Grifols throughout the years. Their leadership before, during and after the pandemic has taken this company to new heights and we will build on the strong foundations they have created. It is reassuring to know that Grifols will continue to benefit from having Raimon and Victor Grifols Deu on the Board in their new non-executive posts.

Grifols has made tremendous progress over the last year and particularly during the initial months of 2024 given the very challenging backdrop. We know there is still a lot we need to accomplish and we are deeply committed to getting the job done. This past year has only strengthened our resilience, fortitude and resolve to generate value for you and all our stakeholders. This is our pledge to you. We look forward to seeing you at the AGM and thank you for your continued support.

Sincerely,



Thomas Glanzmann  
Executive Chairman



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# Engagement with Stakeholders

The new Governance Model

**Corporate Governance Roadshow**  
*April 2024*



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## Introduction

# Renewed Corporate Governance Model of Grifols

After 2023 AGM, Grifols has performed a number of actions that, combined with the feedback received by stakeholders, crystallize into a renewed Corporate Governance Model, which shall deploy in 2024 and 2025.

- The renewed **Corporate Governance Model** turns around:
  - The renovation of the **Board and the Committees**, including their composition and the existing roles.
  - The approval of an amendment of the **Remuneration Policy**, in line with international best practices.
  - The amendment of the **internal Regulatory Framework**, impacting the regulation and the corporate policies.
- The implementation of the renewed **Corporate Governance Model** is overseen by a special **Steering Committee**, which also is responsible for identifying further governance needs and for promoting these changes. The Steering Committee comprises:
  - The Lead Independent Director Carina Szpilka, who supervised all phases of the entire plan. She also chairs the Nomination & Remuneration Committee and is a member of the Audit Committee.
  - The Executive Chairman is available for engagement as prove of his commitment with the renewed model.
  - Other Grifols' senior officers.
  - External international providers of corporate governance advisory.

*The Events occurred since AGM 2023*

## Increasing Engagement with Stakeholders

- After AGM 2023, in addition to the continuous contacts held with stakeholders, Grifols has organized **two Governance Engagement campaigns** to address stakeholders' feedback, which is key for the company.
- The **purposes** of these meetings are: (i) Informing about the new developments happened in 2024 and (ii) Introducing the changes that Grifols has already implemented and also those upcoming in AGM 2024 and in FY 2025.
- In the **First Governance Engagement**, the feedback received addressed matters such as board responsiveness, board gender diversity, board composition, board and committee independence levels, variable pay, severance agreements, capital structure, and environmental and social disclosure and commitments.
- The current **Second Governance Engagement** aims at communicating the changes that Grifols has already implemented and those upcoming in 2024 AGM and in FY 2025. The LID leads this effort.

## Renewed Corporate Governance Model

# Board & Committee Composition (I)

Under the supervision of the Steering Committee and based on the very helpful stakeholders' feedback collected, the following actions have been implemented improving the composition of the Board and its Committees.

	Event	Implementation	Status
<b>Departure of Honorary Chairman</b>	<ul style="list-style-type: none"> <li>Non-executive Honorary Chairman Víctor Grifols Roura steps down from the Board</li> <li>The remuneration attached to the post, disappears.</li> </ul>	December 2023	☑
<b>Rearrangement of Board Secretary</b>	<ul style="list-style-type: none"> <li>Non-executive non-independent Tomás Dagá Gelabert resigns of his role as board vice secretary. He continues being a director.</li> <li>Appointment as non-director board vice secretary of Laura de la Cruz Galán.</li> </ul>	December 2023	☑
<b>Split of the Chair &amp; CEO combine post</b>	<ul style="list-style-type: none"> <li>Board cooptation of Nacho Abia and appointment as new CEO. Served as non-executive non-independent until April 1, 2024.</li> </ul>	February 2024	☑
<b>Rearrangement of Audit Committee Secretary</b>	<ul style="list-style-type: none"> <li>Non-executive non-independent Tomás Dagá Gelabert resigns as Committee secretary.</li> </ul>	April 2024	☑
<b>Grifols Family board representatives to drop executive duties</b>	<ul style="list-style-type: none"> <li>CCO Raimon Grifols and COO Víctor Grifols Deu drop their executive roles. Both remain as non-executive proprietary directors.</li> <li>Albert Grifols Coma-Cros becomes a non-executive proprietary director<sup>1</sup>.</li> </ul>	June 2024	✓

(1) Mr. Grifols Coma-Cros joined the Board in December 2023, becoming a non-executive proprietary director in February 2024.

☑ = Accomplished    ✓ = Imminent    ✓ = Planned mid-term



## Board & Committee Composition (II)

Further actions to improve the composition of the Board and its Committees will be implemented by 2024 AGM. Other improvements will be concluded at a later stage to guarantee a smooth transition.

	Event	Implementation	Status
<b>Non-executive Chairpersonship</b>	<ul style="list-style-type: none"> <li>Executive Chairman Glanzmann will transition to a non-executive role.</li> <li>Transition will be completed by 2025</li> </ul>	February 2025	✓
<b>Board: Lift gender diversity Majority independent</b>	<ul style="list-style-type: none"> <li>Two new female nominees will be proposed for election as independent directors. Their nomination is supported from the board skills matrix.</li> </ul>	AGM 2024	✓
<b>100% independent Board Committees</b>	<ul style="list-style-type: none"> <li>All committees will continue (Audit and Sustainability) or will become (Nominations &amp; Remunerations) 100% independent. The changes will be performed right after the election of the new nominees at 2024 AGM.</li> </ul>	AGM 2024	✓

☑ = Accomplished    ✓ = Imminent    ✓ = Planned mid-term

## Renewed Corporate Governance Model

# Board & Committee Composition (III)

At the moment, the Board shows a healthy structure and composition highlighting the (i) ownership and management separation, (ii) split of Chair/CEO roles, (iii) the existence of a Lead Independent Director, (iv) it is 50% independent, (v) balanced gender diversity, (vi) majority-independent committees, and (vii) good experience mix.

BOARD							COMMITTEES		
Director	Role	Director Type	Gender	Since	Public Boards	On the ballot?	Audit (F = Financial Expert)	Nom. & Rem.	Sustainability
Thomas Glanzmann	Chair	Executive	Male	2006	2	-			
Nacho Abia	NEW CEO	Executive	Male	2024	1	Yes			
Carina Szpilka	LID	Independent	Female	2015	2	-	Member (F)	Chair	
Montserrat Muñoz		Independent	Female	2022	1	-	Member (F)		Member
Íñigo Sánchez-Asiain		Independent	Male	2015	1	-	Chair (F)		
Susana González		Independent	Female	2022	2	-		Member	
Enriqueta Felip		Independent							Member
James Costos <sup>(4)</sup>		Independent	Male	2020	2	-			Chair
Albert Grifols	NEW	Non-Executive Proprietary	Male	2023	1	Yes			
Víctor Grifols		Non-Executive Proprietary <sup>(3)</sup>	Male	2016	1	-			
Raimon Grifols		Non-Executive Proprietary <sup>(3)</sup>	Male	2015	1	-			
Tomás Dagá		Non-Executive Non-Independent	Male	2000	2	-		Member <sup>(1)</sup>	
Size: 12 members		Independence: 50%		M: 67% F: 33%	Av. Tenure: 7 years		Independence: 100%	Independence: 100% <sup>(2)</sup>	Independence: 100%

At 2024 AGM, two independent female nominees will be proposed for first election. The post-AGM Board will be as follows:

Size: 13 members

Independence: 54%

Female: 46% / Male: 54%

(1) = Outgoing committee member after 2024 AGM

(2) = To be 100% independent after 2024 AGM

(3) = As of June 1<sup>st</sup>. Currently Executive

(4) = Resigning at the 2024 AGM

## Renewed Corporate Governance Model

# Board & Committee Composition (IV)

The Board Skills Matrix proves that the Board possesses all the capabilities needed to oversee the corporate strategy. The Nominations & Remuneration Committee manages the matrix.

Considering actual and future corporate needs, all board nominations proposed in 2024 AGM are supported by the Board Skills Matrix.

Director		Aud. Com.	N&R Com.	Sust. Com.	Plasma Industry	Healthcare	Medical Science	Life Tech & Innovation	Financial & Accounting	Risk Management	People & Talent	International Business	Digital, AI & Cyber	Innovation	Sustainability	Legal, Regulation & Governance	Corporate Strategy
Thomas Glanzmann	Chair				✓	✓		✓			✓	✓					✓
Nacho Abia	CEO					✓		✓			✓	✓				✓	✓
Carina Szpilka	LID	M	Ch						✓	✓	✓		✓	✓	✓		
Montserrat Muñoz		M		M		✓				✓	✓	✓		✓	✓		
Íñigo Sánchez-Asiáin				Ch					✓	✓	✓	✓			✓		✓
Susana González				M							✓	✓	✓	✓	✓		✓
Enriqueta Felip				M		✓	✓	✓			✓			✓	✓		
James Costos				Ch						✓	✓	✓			✓	✓	✓
Albert Grifols					✓			✓	✓		✓	✓					✓
Víctor Grifols					✓	✓		✓	✓			✓					✓
Raimon Grifols					✓			✓				✓			✓	✓	✓
Tomás Dagá				M	✓			✓	✓			✓				✓	✓
					42%	42%	8%	58%	42%	33%	75%	83%	17%	33%	58%	33%	75%

**Nationalities:** Spain: 83% - Rest of Europe: 8% - US: 17%

**Age:** Under 50: 33% - Between 50 and 60: 33% - Above 60: 33%

**Board tenure:** 0 to 3 years: 33% - 4 to 11 years: 42% - More than 12 years: 25%



Renewed Corporate Governance Model

# Governance Framework

Grifols articulates its governance action through the following public internal codes and regulations and policies:

		Amendments	New additions
BYLAWS AND REGULATIONS	<ul style="list-style-type: none"> <li>• Grifols Bylaws</li> <li>• Board Regulations</li> <li>• General Shareholders’ Meeting regulations</li> <li>• Audit Committee Regulations</li> <li>• Sustainability Committee Regulations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Audit Committee Regulations to include a specific function of the Audit Committee, which is to set a maximum service tenure of the external auditor to ensure auditor independence.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Nomination &amp; Remuneration Committee Regulations. It includes as a responsibility of the Committee the drafting and monitorization of the board skills matrix and the lead of the board evaluation process</li> </ul>
CORPORATE POLICIES	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Grifols Ethics Line Policy</li> <li>• Stakeholders Communication Policy</li> <li>• Board Diversity Policy</li> <li>• Risk Control and Management Policy</li> <li>• Fiscal Compliance and Good Practice Policy</li> <li>• Crime Prevention Policy</li> <li>• Sustainability Policy</li> <li>• Climate Action Policy</li> <li>• Crime Prevention Policy</li> <li>• Human Rights Policy</li> <li>• Cybersecurity Policy</li> <li>• Clawback Policy *</li> </ul>		<ul style="list-style-type: none"> <li>✓ Related-Party Transaction Policy</li> <li>✓ Board Skills Matrix</li> </ul>

\* Approved by the Board October 19, 2023

## **Remuneration**

### **Features of the amended Remuneration Policy**

#### **Policy Positioning**

- All salary positioning peers are disclosed.
- Guidelines on the criteria to perform salary updates.

#### **Executive Directors**

- New CEO to receive an annual share allotment as part of his base salary (deferred to the end of the three-year period of his agreement).
- Future LTIPs to be settled in equity awards different from stock options.
- The vesting of any variable pay scheme is subject to the achievement of several performance targets, including ESG goals.
- Clawback clauses apply to all variable pay elements.

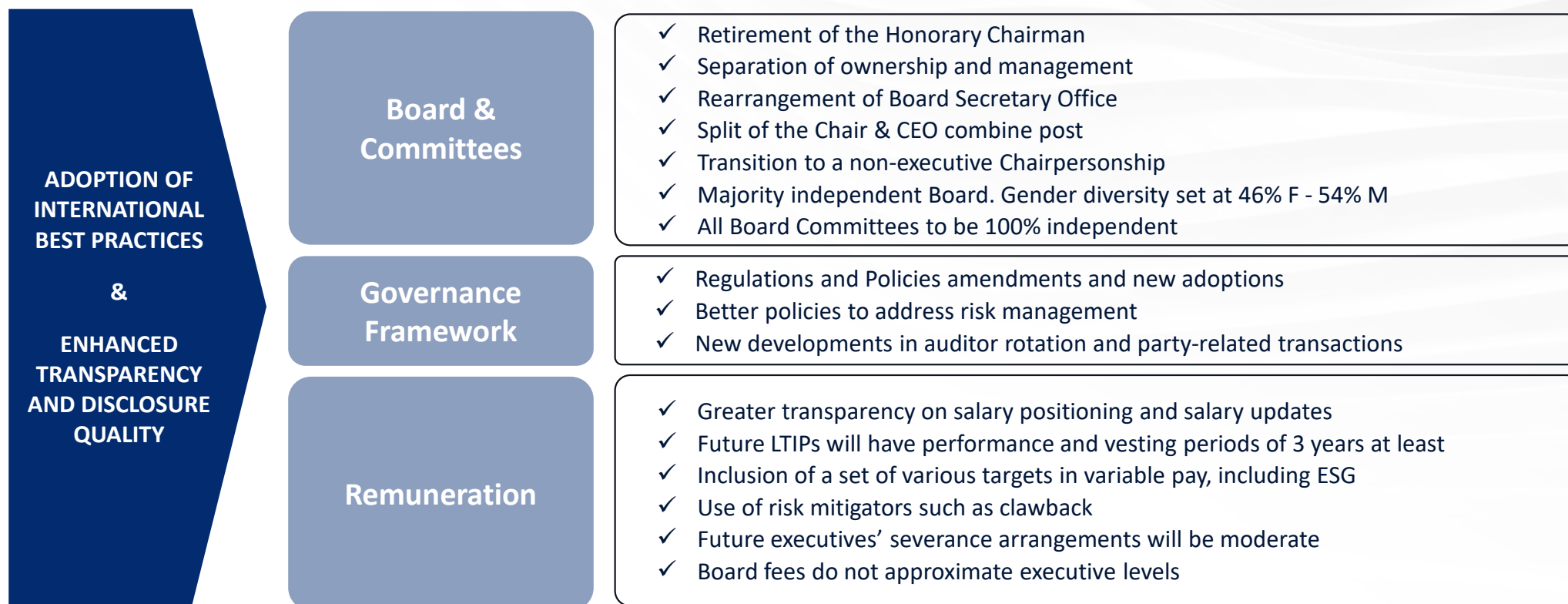
#### **Non-executive Directors**

- Non-executive fees will not approximate executive pay levels.

## Conclusions

# The Renewed Corporate Governance Model

The Corporate Governance Model of Grifols is been strongly aligned towards international best practices and investors' expectations.





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## Investor Relations & Sustainability

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