

## **GRIFOLS TAX COMPLIANCE AND BEST PRACTICES POLICY**

Grifols S.A. and its affiliated entities (hereinafter Grifols) form a leading global group in the health sector, pioneer in the research and development of therapeutic alternatives that contribute to the scientific and social development and with a strong commitment with the development of people and the territories in which Grifols operates. For that reason, it carries out its activity on the basis of the corporate values of quality, integrity and social commitment.

This vision and the Group corporate values inspire the tax policy implemented by Grifols.

### **Definition of the corporate tax policy**

Grifols' tax strategy has as its main defining element the compliance with the tax regulations in force in each of the countries in which Grifols carries out its activity, under the guiding principles of responsible taxation, prudence and collaboration with the Administration.

Grifols believes that this is a key element of its Corporate Social Responsibility and of its economic and social contribution to the community.

The fulfilment of the tax regulations in force is not limited to the objective of timely and strictly complying with the laws of each jurisdiction in which it carries out activities, but to incorporate into its tax strategy the international tax principles put forward by institutions like the OECD Committee on Tax Matters or the European Union.

### **Grifols corporate tax policy**

Grifols has a global international footprint, characterized by a strong internationalization and globalization of the business activities, with multiple production and logistic facilities located in different continents. In 2015\* 63.7% of revenues were generated in the North-American market, 16.8% in the European Union, including 5.4% corresponding to the Spanish market, and the 16.6% in the rest of the world. Currently, Grifols has a direct commercial presence in thirty countries and distributes its products in more than a hundred. This requires an efficient management of the resources, a continuous improvement of processes and a great effort in the quality, logistics and distribution areas.

The acquisition of several businesses with a strong international component made in the last years (Talecris acquisition in 2011 and Novartis diagnostic business division in 2014) has increased this international presence, making necessary an efficient management of the resources required for the integration of the businesses.

The integration of the different acquired business has required the investment in new logistic resources. Recently, Grifols has opened the Bioscience Division new worldwide operations facility in Ireland, with the aim to centralize in these facilities the transnational logistic activity of such Division; the labeling, packaging and final conditioning of the product; regulatory and quality activities relating to the supply of plasma and plasma derivatives; commercial policy coordination; R&D and supply chain global management office for the Bioscience Division. In addition, the Group's global treasury management activities are carried out at this facility, which operates as Grifols' access to the capital markets.

All the investment, acquisition and resources allocation decisions are taken considering the enormous complexity that entails the management of an industrial group with a global business, as well as the fulfilment of the existing legal and regulatory requirements and the strict compliance with the tax legislation in force and the values of a responsible taxation.

In the current context of collaboration between the different Tax Administrations to prevent the base erosion and profit shifting between jurisdictions, Grifols is strongly committed with the principle of adequately fulfilling the legislation in force, and the principle of fair share of taxes in all the countries in which operates. For this reason, it has the necessary resources to provide to the tax and regulatory authorities any required information and documentation for their review.

Considering all the foregoing, Grifols' tax policy is based in the principles of responsible taxation, prudence and collaboration with the Administration.

The Board of Directors, jointly with the top management, shall ensure the compliance with this policy as well as with Grifols' corporate values.

### **Principles and good practices of the corporate tax policy**

With the aim of integrating Grifols' values within the corporate tax policy and comply with the abovementioned general objectives, Grifols assumes the following principles and good practices in the taxation:

- The group's business decisions are linked to the payment of the required taxes in all the jurisdictions in which operates. For Grifols, the payment of taxes is an essential element of its Corporate Social Responsibility and of its economic and social contribution to the community.
- Grifols has no presence in territories qualifying as tax havens, and its commercial operations with third parties based in such territories, or any others, are carried out as part of its ordinary industrial or commercial activity. In line with the international taxation principles and recommendations of the OECD's Committee on Tax Matters Grifols rejects the artificial shifting of results to such territories or taking advantage of information opacity that such territories may offer. The transparency on tax matters is essential in Grifols tax policy.
- The prevention of significant tax risks through the implementation of internal information and control procedures.
- Grifols' tax policy is based in a prudent and reasonable interpretation of the tax regulations in force in each jurisdiction.
- Grifols makes use of the services of independent tax advisors with reputation before taking any business decision that may have a tax impact.
- Grifols has implemented a transfer pricing policy for all the operations with related parties which is aligned with the principles stated by the main competent International Organizations. This policy is reviewed on an annual basis to avoid any deviation from such principles.
- Grifols trusts and works for an adequate correlation between the taxation and the structure and allocation of activities, resources, personal and material means and the business risks assumed.
- Grifols does not use artificial structures, unrelated to its activity, with the aim of reducing the tax burden or profit shifting.
- Grifols promotes and develops a cooperative and fluid relationship with the Tax Administrations based on the law observation, mutual reliance, good faith, reciprocity and cooperation.
- The cooperation with the competent Tax Administrations in fraud detection and finding solutions in connection with tax fraudulent practices that may be ongoing on the markets in which Grifols operates.
- Grifols is committed with the transparency; consequently it facilitates the tax relevant information and documentation required by the Tax Authorities, in the most comprehensive way as possible and in the shortest possible time.

\* Source: 2015 Audited Consolidated Annual Accounts