Amber,
living with psoriasis

INTEGRATED ANNUAL REPORT **2020**

ADAPTING FOR BETTER CARE

Inspired by **patients.**
Driven by **science.**

INTEGRATED ANNUAL REPORT **2020**

ADAPTING FOR BETTER CARE

Welcome to our Integrated Annual Report 2020!

Our Integrated Annual Report 2020 – *Adapting for Better Care* – aims to provide all interested stakeholders with the best possible information on how UCB is creating value for patients with severe diseases and about how we care for our employees, for communities, and for our planet, now and into the future.

About this report

This Integrated Annual Report 2020 includes the management report in accordance with article 12 of the Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market. All information required to be included in such management report pursuant to articles 3:6 and 3:32 of the Belgian Code of Companies and Associations (i.e. Corporate Governance Statement – Remuneration Report included -, Business Performance Review and UCB's Statement on extra-financial[1] information) is reported throughout all different sections of this Integrated Annual Report. This Integrated Annual Report together with the materiality assessment have been prepared in accordance with the Global Reporting Standards core option and extra-financial information is audited by a third party.

[1] 'Extra-financial' is the term used by UCB for information commonly referred to as 'non-financial'.

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Inspired by **patients.**
Driven by **science.**

Key Figures

5 347

Revenue in € million

2019: 4 913

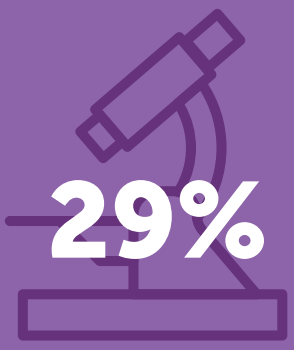
12

Number of assets in pipeline

27%

adj. EBITDA/revenue ratio

2019: 29%



29%

R&D/revenue ratio

2019: 26%

8 371

UCB employees worldwide

50% women / 50% men

-60%

Reduction in CO_2 emissions

2019: –35%

3.5 million

3.5 million patients positively impacted in 2020

UCB focused on the following UN Sustainable Development Goals

UCB At a Glance

We aspire to give people with severe diseases the freedom to live their best lives, while also creating value for society.

"To me, Better Care is about acknowledging that every patient's experience is unique."

Evelyn du Monceau, Chair of the Board

Letter to our stakeholders

Dear patients, colleagues, shareholders, and representatives from the communities where we work and which we serve,

At UCB, everything we do starts with one simple question: **"How will this create value for people living with severe diseases, now and into the future?"** This has never been more important than it was in 2020 – a year that reminded us all of the great things our industry can accomplish when we collaborate to tackle shared, global health challenges.

As we look back on the past twelve months, we are both incredibly proud of the resilience, adaptability, and ongoing dedication that UCB colleagues, partners, and shareholders showed in ensuring that, despite the challenges created by the COVID-19 pandemic, our commitment to patients never wavered, while our willingness to support each other and our wider communities remained a top priority. That's why we want to open this year's Integrated Annual Report by **thanking each and every one of you who made this possible.** The achievements outlined in the following pages – whether they be for people living with severe diseases, for our employees, for communities, or for the planet – would not have been possible without you.

This year's report theme – *Adapting for Better Care* – captures the reality of a year full of disruption and uncertainty, in which we all learned many lessons about our industry and reflected on the role UCB can play in the wider world. We have thought a lot about how we at UCB can be better health innovators, better business leaders, and better colleagues. And most importantly, we realized that we can – and should – adapt and reinvent how we work in many different aspects, in order to seize new opportunities for future value creation.

What we achieved

2020 saw people already living with the complexities of severe diseases facing more challenges than ever before, including worries around access to care and economic challenges. Throughout the pandemic, UCB remained focused on reassuring patients' concerns and providing new sources of support, while still delivering the solutions they needed in a timely and uninterrupted manner. This allowed us to positively impact over 3.5 million patients' lives in 2020.

Despite the challenges created by COVID-19, UCB continued to grow our business in 2020, achieving a strong financial performance. 2020 revenue reached € 5.3 billion (+9%; +8% at CER) and net sales went up by 8% to € 5.1 billion (+7% CER), driven by the sustained growth of UCB's key products.

Underlying profitability (adjusted EBITDA) reached € 1.4 billion (+1%; -4% CER) reflecting higher investments into the future of UCB, namely product launches and product development. Core Earnings per Share were € 5.36 after € 5.20 in 2019. In line with this performance, the Board of Directors of UCB proposes a dividend of € 1.27 per share (gross), +2%.

We continued to create value for patients, advancing our pipeline of potential solutions for severe diseases, expanding our capabilities by investing in state-of-the-art scientific platforms and medical advances, and further progress on our digital business transformation journey. Our rich development pipeline, including five late-stage assets, is a demonstration of our ability to continue moving forward:

bimekizumab (IL17A/F)
psoriasis
psoriatic arthritis
axial spondyloarthritis
hidradenitis suppurativa

zilucoplan (C5)
myasthenia gravis
IMNM[1]

rozanolixizumab (FcRn)
myasthenia gravis
immune thrombocytopenia

dapirolizumab pegol (CD40L)
systemic lupus erythematosus

Staccato® *alprazolam*
active epileptic seizure

2020 also saw several key highlights in terms of future growth and launches:

- **Cimzia®** *(certolizumab pegol)* was approved by the Japanese health authorities for the treatment of plaque psoriasis, psoriatic arthritis, pustular psoriasis and psoriatic erythroderma for which existing treatment methods are not sufficiently effective. This makes Cimzia® the first Fc-free, PEGylated anti-TNF treatment option now available for these patients in Japan.
- We received new approvals for **Vimpat®** *(lacosamide)* in the U.S., Europe and Japan as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures (PGTCS) in patients four years of age and older.
- Our Phase 3b study BE RADIANT, comparing *bimekizumab* to *secukinumab* for the treatment of adults with moderate-to-severe plaque psoriasis met its primary and all secondary end points, showing superiority to *secukinumab*.
- The U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) accepted marketing application submissions for *bimekizumab* for the treatment of adults with moderate-to-severe plaque psoriasis.

[1] Immune-mediated necrotizing myopathy

We also successfully completed the acquisition of Ra Pharmaceuticals, Inc., making Ra Pharma now a wholly-owned subsidiary of UCB. This enhances our leadership potential for improving treatment options for people living with myasthenia gravis and other rare diseases. Just as exciting is our acquisition of Handl Therapeutics BV, a rapidly growing and transformative gene therapy company based in Leuven, Belgium, and our new collaboration with Lacerta Therapeutics, a U.S.-based clinical-stage gene therapy company. Together, these will help to accelerate UCB's ambitions in gene therapy. We have also acquired Engage Therapeutics, Inc., a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of epileptic seizures. This product combines the Staccato® delivery technology with the established *benzodiazepine alprazolam*. We start the Phase 3 program in the second half of 2021.

2020 was also a year of significant progress in creating value for **colleagues,** for **communities,** and for the **planet,** as part of our commitment to **sustainability as our business approach**.

We worked to ensure that every employee felt supported during the COVID-19 pandemic – prioritizing their health and safety and supplying them with the resources they needed to navigate uncertainty. This included mental health resources, tools for employees managing family and homeschooling, and specific funds for those experiencing severe and unusual hardship as a result of the pandemic.

As part of our broader aim to foster a positive working environment for all employees, we evolved our health, safety and well-being (HSWB) ambition and delivery model, including the launch of a new HSWB index that will provide us with an overarching view of our performance and impact going forward.

We also engaged with local communities, which have been severely impacted by the pandemic, on a number of different fronts. For example, we made our expertise and facilities available to governments and health authorities in Belgium to help increase virus testing and monitoring.

Globally, we dedicated a one-off budget of €1.5 million to assist communities across the world with both financial and in-kind donations of much-needed supplies. We also partnered with other pharmaceutical companies and academics to identify and accelerate promising therapeutic candidates for COVID-19 and its related symptoms, as part of the COVID R&D Alliance, and we joined the COVID Moonshot to accelerate the development of a COVID-19 antiviral.

2020 also saw the launch of our global UCB Community Health Fund. While this is a longer-term project, the Fund's initial focus is on understanding and reducing the medium and long-term impacts of the COVID-19 pandemic on vulnerable populations' physical, mental, and social wellbeing.

2020 reminded us just how intertwined human health and the health of the planet are. That's why we continue to work to min-

UCB actions during the COVID-19 pandemic

- **Safety** measures & **wellbeing** programs
- Guarantee of **job compensation**

- Continued **supply** of our medicines
- Financial assistance for qualified patients to maintain **access** to our medicines
- **Medical communication** adapted to COVID-19 context

- **Accelerated payments** to our most vulnerable suppliers
- Active contribution to increase local COVID-19 diagnostic **testing capabilities**
- **Donations in kind** (hydroalcoholic gel, protective materials) & employee volunteering
- **€ 1.5M** available to local teams for direct help to their communities

- Contribution to COVID-19 **research** projects worldwide
- Setting up a UCB **Global Fund** to understand and address long-term effect of COVID-19 on vulnerable populations' health

imize our impact on the environment and protect our planet's health. We are working towards ambitious environmental targets to reduce CO_2 emissions and become carbon neutral for the operations we control, to support our suppliers on their own sustainability journeys, and to reduce water consumption and waste production.

Our progress towards these targets in 2020 involved significantly extending the scope of our environmental key performance indicators, launching several local and global initiatives to embed our green goals within our operations and across our value chains, and engaging our suppliers and contract manufacturing organizations to define their ambitious climate targets. Our continued work to reduce our environmental impact is essential in helping us contribute to a healthier society overall.

Looking ahead

As much as the pandemic has been a disruption, it also triggered further reflection and experimentation around how to adapt our ways of working for the future, in order to better deliver on our ambitions for all our stakeholders. This has been particularly true for UCB's company-wide digital business transformation, already underway before the pandemic, but which was accelerated by COVID-19. We firmly believe that through digital transformation, we can amplify the power of scientific innovation to create sustainable value and ensure that patients can live the lives they want.

Adapting to meet the challenges of the future also means ensuring we have the right leadership in place to get us there. At the Annual General Meeting in April 2021 we will propose two new experienced and dedicated leaders to take the helm of the UCB Board. Stefan Oschmann, currently the Chairman of the Executive Board and CEO of Merck KGaA and a leader with outstanding strategic business experience in life sciences, will take up the position of Chair of the UCB Board, while Fiona du Monceau, an experienced leader who has been working in the pharmaceutical sector for over 20 years, will work alongside him as Vice-Chair.

For 2021, we aim for a total revenue of € 5.45-5.65 billion and an underlying profitability of 27-28% of total revenue. In the longer term, by 2025, we aim to lead in specific patient populations, creating value for people living with partial onset/focal epileptic seizures, psoriatic arthritis, osteoporosis-related fractures, myasthenia gravis, and for sub-populations of woman of childbearing age. For 2025, we expect revenue of €6 billion and an underlying profitability in the low to mid-thirties. We can only be successful when we create value for all our stakeholders, including employees, communities and the planet we all call home. You can learn more here about our progress and plans for the future in this regard.

Many of the challenges we faced last year remain with us in 2021, as the world continues to grapple with COVID-19. However, thanks to dedicated researchers, healthcare professionals, and civil society organizations, there is now hope, in the form of multiple vaccines and treatments. As we all look to the future therefore, no matter how distant it feels right now, we hope we can be strengthened by the lessons learned from and our reflections on 2020. Together, we firmly believe that we will continue to adapt and thrive, in order to deliver better care for all who need it, now and into the future.

Jean-Christophe Tellier, Chief Executive Officer
Evelyn du Monceau, Chair of the Board

February 2021

Thank you, Evelyn!

"2021 also brings with it the need to bid farewell to our respected and cherished Evelyn du Monceau, who will step down as the current Chair of the UCB Board in April following four years as Chair, and more than 35 years on the Board. As one of the few women chairing the Board of a Belgian company listed on Euronext Brussels, Evelyn has always demonstrated an unwavering commitment to advancing better care and treatment solutions for patients with unmet needs. We are deeply grateful for how she contributed to guide UCB on its transformation and growth journey. And we wish her all the best in the next chapter of her life."

Jean-Christophe, Chief Executive Officer, UCB

Lessons from a life at UCB: Evelyn in conversation with Jean-Christophe

Jean-Christophe: Evelyn, from your perspective as Chair of the UCB Board, what does Better Care mean to you?
Evelyn: At UCB we want to provide the best care possible to patients. Over the past 90 years, we have been on an incredible journey to become the biopharma company you see today. We've evolved and adapted – but we've always remained true to our core values and to our desire to understand what patients' lives are really like; what are the smallest difficulties they have to face and how we can help them live the lives they want. That's how we go beyond simply developing drugs, to create tailored solutions that truly make a difference for the patient.

To me, better care is therefore all about acknowledging that every patient's experience is unique, while also understanding that how they live with their illness doesn't just affect them, but also has a wider impact of their families, friends and communities.

At UCB, we try our best to integrate this holistic understanding of healthcare into the solutions we develop. This is possible thanks to the close contact we build and maintain with patients. When we think about the diseases we aim to treat, we immediately connect them to real human stories and faces. This is what gets us up in the morning. It gives our work an incredible sense of purpose, as well generating an enormous amount of joy when we develop better solutions to treat patients.

What have been the major changes you've seen in terms of how UCB impacts patients' lives? How do you see this evolving in the future?
Ever since UCB has been active in pharma, our leadership has been focused on meeting patients' needs above all else. Over the years, this has been reflected in our passion for science, as well as our significant, and sometimes risky, investments, especially in research and development. To lead the way in healthcare, you have to take decisions that lay the foundations for future success, even if you don't see immediate results.

We are increasingly focused on specific patient populations who currently have no access to solutions or only inadequate solutions available to them. This increasingly personalized approach is supported by the rapid pace of scientific development, which is giving patients, caregivers and healthcare professionals greater control and choice over treatment and care options.

But it also requires a holistic understanding of healthcare rooted in a deep understanding of the patient's experience, as well as the views of healthcare professionals, providers, and payors.

I think that in the future we will see more personalized treatment and care options, with devices and data used to support healthcare providers' ongoing work and connect with patients in an ongoing yet efficient way.

How does UCB create value for society as a whole?
As a company, you are part of the world, not separate from it, and you have to make sure that every stakeholder in your surroundings is positively impacted by how you do business. When we do our work well, we not only create value for the patient, but also for our employees, for the communities where we operate, and for the shareholders who enable us to pursue our long-term ambitions.

This is part of UCB's heritage and history as well. We've always been a company deeply committed to supporting local causes and keen to make a positive impact for local communities. And even as we've expanded our footprint beyond Belgium, this has remained an important focus; no matter where we are, we always try to engage with the world around us.

What achievements or decisions are you most proud of having witnessed or overseen during your time at UCB?
I am particularly proud of how UCB, and the pharmaceutical industry as a whole, stepped up to respond to COVID-19. For instance, we stopped some activities that would have been more lucrative for the company's bottom line, to instead prioritize what needed to be done for the wider good of society. There was a real sense of solidarity across all levels of the company: the Board, the Executive Committee, and individual employees all wanted to make a meaningful impact. One example of how this happened was through the support we provided to Belgium's testing capacity, with many employees volunteering to help staff the testing lab.

One of the most significant decisions we've ever taken has been setting the long-term purpose for our company: to create value for patients now and into the future, by developing clearly differentiated solutions with unique outcomes. This purpose acts as a North Star for any new joiner to UCB.

But there isn't just one decision that has brought us where we are today; it's been a succession of smaller, yet consistent choices and decisions, each taken with our purpose in mind, that have enabled us to progress. One example of this has been our ongoing investment in research and development (R&D) that we continued even in tough times, precisely because we didn't want to sacrifice our long-term vision.

Taking this long-term approach demands a certain type of visionary, yet humble leadership. That's something I see among all our leaders at UCB – and especially you, Jean-Christophe – and it's why I am comfortable stepping aside now. With Stefan Oschmann as the new Chair of the Board, and Fiona du Monceau as the next Vice Chair, I know UCB is in good hands and well-equipped to go further than ever before.

Diversity, equity and inclusion (DE&I) are key to UCB's success. How have you seen this commitment evolve over the years?
A company is, first and foremost, its people. Without the right people, you won't get far, even with all the great ideas in the world. Cultivating diversity in all its forms among our employees – from diversity of thought, experience, and background, to culture, age, nationality, race or gender – is essential in allowing us to see things in a new light and constantly raise the bar in terms of our achievements. If our purpose is to create value for patients and wider society in a holistic way, then we need to make sure this is reflected in our workforce, so we can better serve all stakeholders. There's always room for improvement here, but I think we are moving in the right direction.

As a woman who has progressed to board-level in your career, what advice do you have for other women aspiring to leadership roles?
As mentioned, diversity is far broader than just gender parity or female representation. But from a personal perspective, my advice to aspiring female leaders would be to be yourself and have confidence. You can do a lot more than you may think, so dare to aim high. Finding a good mentor can make a world of difference in this regard, as it gives you a champion whose example you can follow.

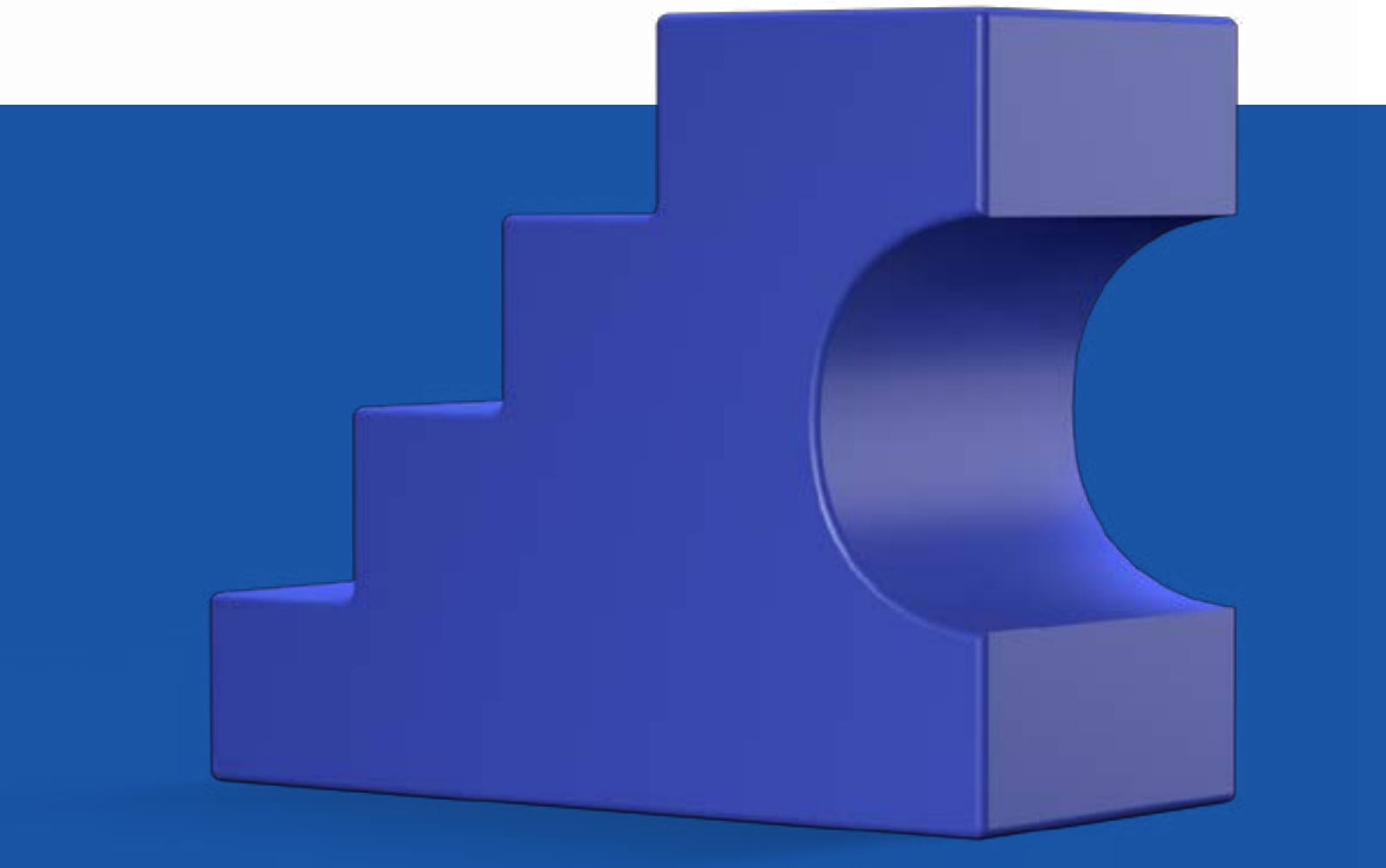
What will you miss most about UCB?
There's nothing like the feeling you can have when after years of research and development, you bring a solution to patients that you see making a real, tangible difference on their lives; you can't help but feel immense joy. I will miss that the most, along with all the great people I've had a chance to work with.

And what are you looking forward to spending more time on now?
I am mostly looking forward to spending more time with my family. But I also hope to become more engaged around three passion points of mine: education, entrepreneurship, and family business long-term sustainable value creation. The three are very much linked. Learning can and should be fun and it opens up so many possibilities. In the same spirit, we should be cultivating an entrepreneurship mindset, so that potential entrepreneurs aren't afraid to take risks or to try new things, even if they occasionally fail on their path to success. Businesses are created by entrepreneurs, but they also need to be cared for with passion, dedication and resilience so they can grow and adapt to an ever-changing world.

Our purpose

We create value for patients now and into the future.

At UCB, we want to give people with severe diseases the freedom to live their best lives. We work in a way that is sustainable for the patients who need our solutions, for our employees, for wider society, including local communities, our shareholders, and for the planet. With more than 90 years behind us, we are looking to the future.



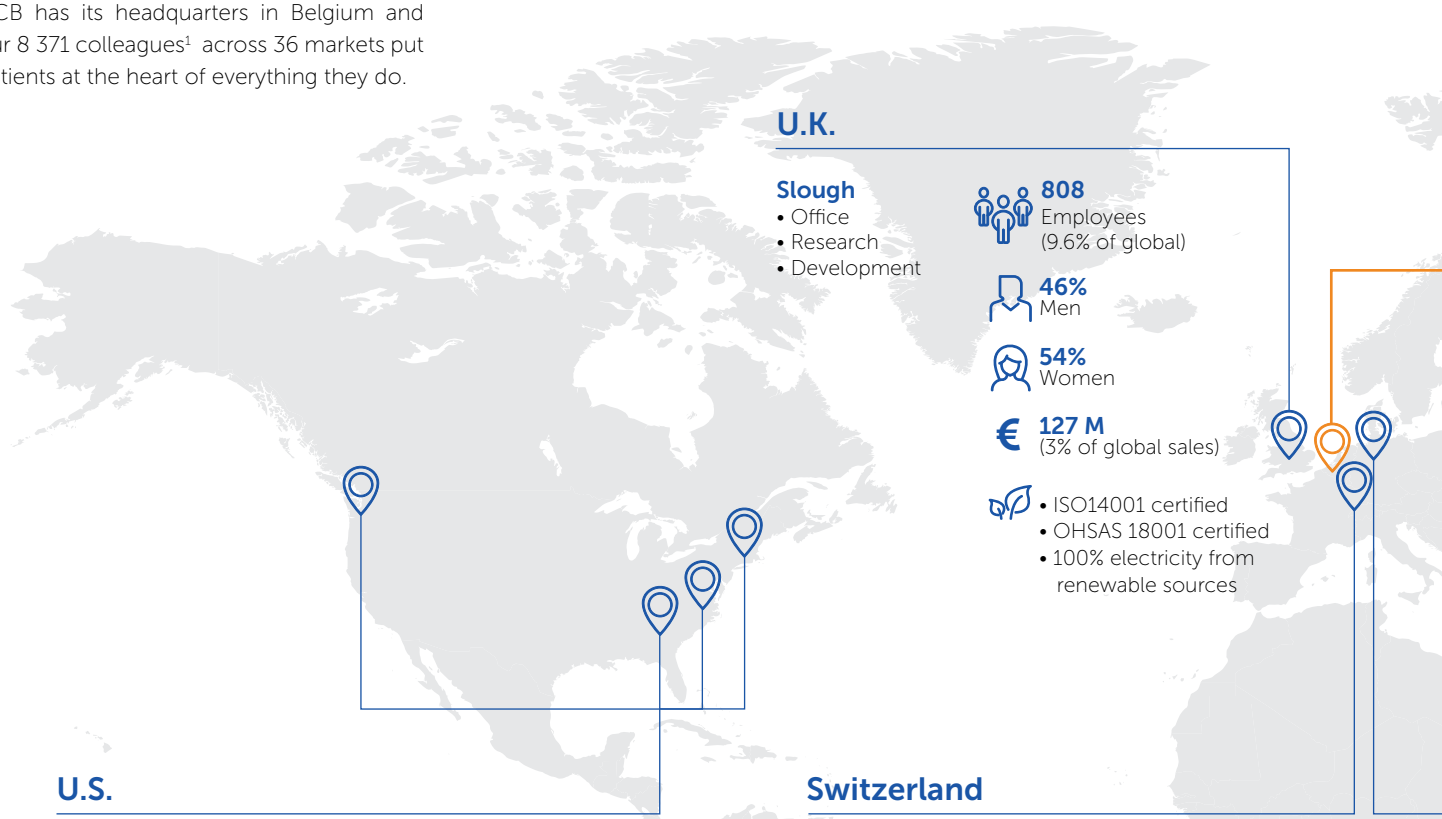
Who we are

A global biopharmaceutical company. Inspired by patients. Driven by science.

We are committed to developing innovative solutions to address significant unmet needs for people with severe chronic diseases.

Where we are

UCB has its headquarters in Belgium and our 8 371 colleagues[1] across 36 markets put patients at the heart of everything they do.



U.K.

Slough
- Office
- Research
- Development

808 Employees (9.6% of global)

46% Men

54% Women

€ 127 M (3% of global sales)

- ISO14001 certified
- OHSAS 18001 certified
- 100% electricity from renewable sources

U.S.

Atlanta, GA
- Office

Boston, MA
- Research

Raleigh, NC
- Development

Seattle, WA
- Research

1 586 Employees (19% of global)

43% Men

56% Women

€ 2 759 M (55% of global sales) Global net sales excluding hedging

- ISO 14001 certified
- OHSAS 18001 certified
- 100% electricity from renewable sources

Switzerland

Bulle
- Office
- Production

530 Employees (6,3% of global)

63% Men

37% Women

€ 44 M (1% of global sales)

- ISO14001 certified
- OHSAS 18001 certified
- 100% electricity from renewable sources

Rest of Europe

UCB has offices in
Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden

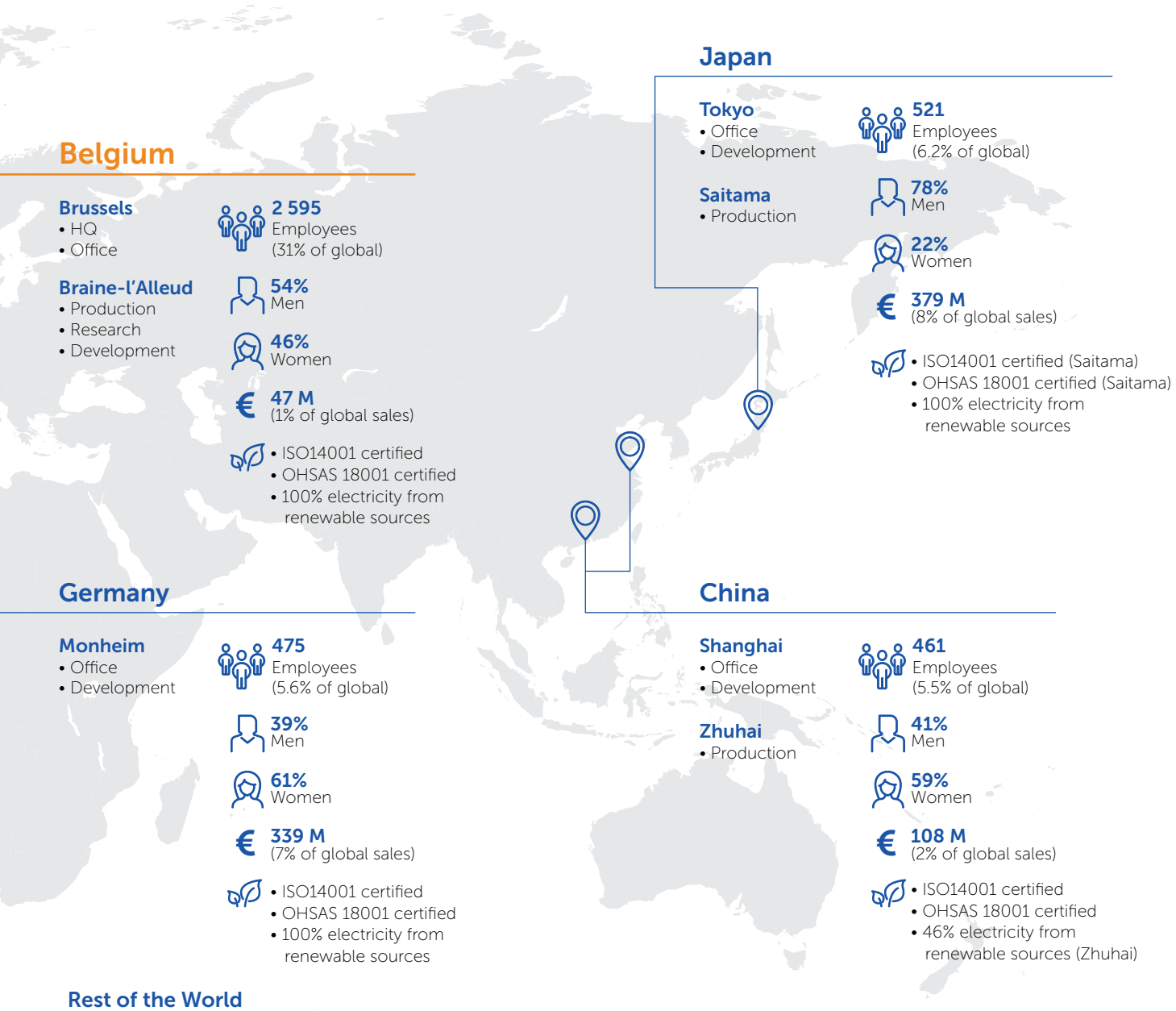
713 Employees (8.5% of global)

37% Men

63% Women

€ 817 M (16% of global sales)

[1] Scope of reporting: this number represents all UCB regular active employees. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.



Belgium

Brussels
- HQ
- Office

Braine-l'Alleud
- Production
- Research
- Development

2 595 Employees (31% of global)

54% Men

46% Women

€ 47 M (1% of global sales)

- ISO14001 certified
- OHSAS 18001 certified
- 100% electricity from renewable sources

Japan

Tokyo
- Office
- Development

Saitama
- Production

521 Employees (6.2% of global)

78% Men

22% Women

€ 379 M (8% of global sales)

- ISO14001 certified (Saitama)
- OHSAS 18001 certified (Saitama)
- 100% electricity from renewable sources

Germany

Monheim
- Office
- Development

475 Employees (5.6% of global)

39% Men

61% Women

€ 339 M (7% of global sales)

- ISO14001 certified
- OHSAS 18001 certified
- 100% electricity from renewable sources

China

Shanghai
- Office
- Development

Zhuhai
- Production

461 Employees (5.5% of global)

41% Men

59% Women

€ 108 M (2% of global sales)

- ISO14001 certified
- OHSAS 18001 certified
- 46% electricity from renewable sources (Zhuhai)

Rest of the World

UCB has offices in
Australia, Brazil, Canada, Hong Kong, India, Mexico, Russia, South Korea, Taiwan, Turkey, Ukraine

682 Employees (8% of global)

46% Men

54% Women

€ 403 M (8% of global sales)

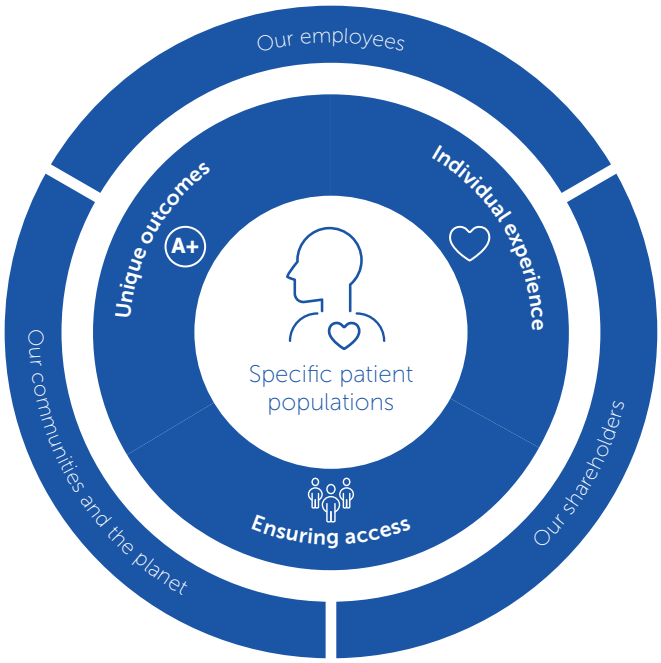
* Global net sales excluding hedging

How we work

Our ambition for patients

We have a fundamental commitment to enabling people living with severe diseases, their caregivers, and their families to live their best lives. We continuously innovate to bring differentiated solutions with unique outcomes, which help specific patients achieve their life goals and create the best individual experience for them. This also means ensuring access for all who need these solutions, in a way which is viable for patients, society, and UCB.

Our ambition for patients



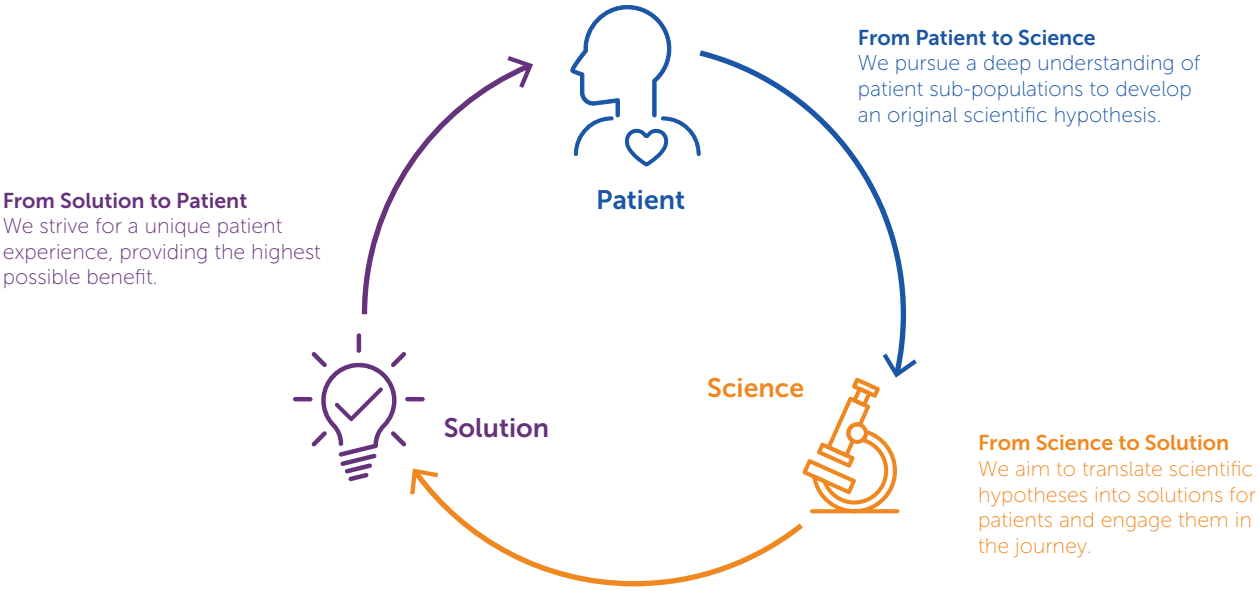
To fulfil our ambition for patients we must create the right conditions for employees, the communities in which we operate, and all our stakeholders, including our shareholders. We also recognize the essential link between human health and the health of the planet, and we are taking action to minimize our environmental footprint.

Improving the lives of patients with severe diseases and fostering healthier societies overall is an endeavor far greater than any one company. This is why we collaborate and partner with a wide range of stakeholders, from other companies to academic and research institutions, in order to achieve our ambition for patients.

Creating value now and into the future

Our Patient Value Strategy is the driver of UCB's performance. We place patients and their individual experiences at the heart of everything we do – from discovery to development to delivery. We leverage these insights to inform our science and develop innovative and differentiated solutions for specific patient populations.

UCB's operational model puts the patient at the heart of our activities and decisions



Our goal is to be the leader in five specific patient populations by 2025:

1. Patients living with partial onset/focal epileptic seizures
2. Patients living with psoriatic arthritis
3. Women of childbearing age living with immuno-inflammation and/or epilepsy
4. Patients experiencing osteoporosis-related fractures
5. Patients living with myasthenia gravis

To get there we are focused on three strategic imperatives:

Keep patients and innovation at the core of our activities

To create value for patients, we must maintain our focus on patients' expressed unmet needs and continue developing and investing in state-of-the-art scientific platforms and medical advances.

Remain connected to the world and generate value for society

We embrace the latest medical science, as well as technological advances such as artificial intelligence, to address evolving societal challenges. Our research and our partnerships are key to delivering on the promise of these developments.

Leverage our leadership and capabilities

We are building on our legacy and expertise in immunology and neurology by expanding our leadership and strategic capabilities in new areas and further cultivating our patient-centric culture.

Our approach to achieving this 2025 goal is divided into three phases:

- "Grow and Prepare" from 2014-2018
- "Accelerate and Expand" from 2019-2021
- "Breakthrough and Lead" from 2022-2025

2020 marked the halfway point of the second phase, and of the overall strategy. As we approach 2025, we are excited about a number of upcoming developments that will see us move even closer towards our goal, while continuing to create value for patients, now and into the future.

Sustainability is our business approach

We are guided by the firm conviction that we can deepen our impact by addressing challenges at the intersection of our Patient Value Strategy and wider societal interests. In 2019, sustainability was defined as a strategic imperative for UCB. We completed an extensive materiality assessment to identify how best to maximize our societal contributions, while ensuring we continue to successfully develop our business. You can learn more about the methodology and process applied to this assessment in the 2019 Integrated Annual Report.

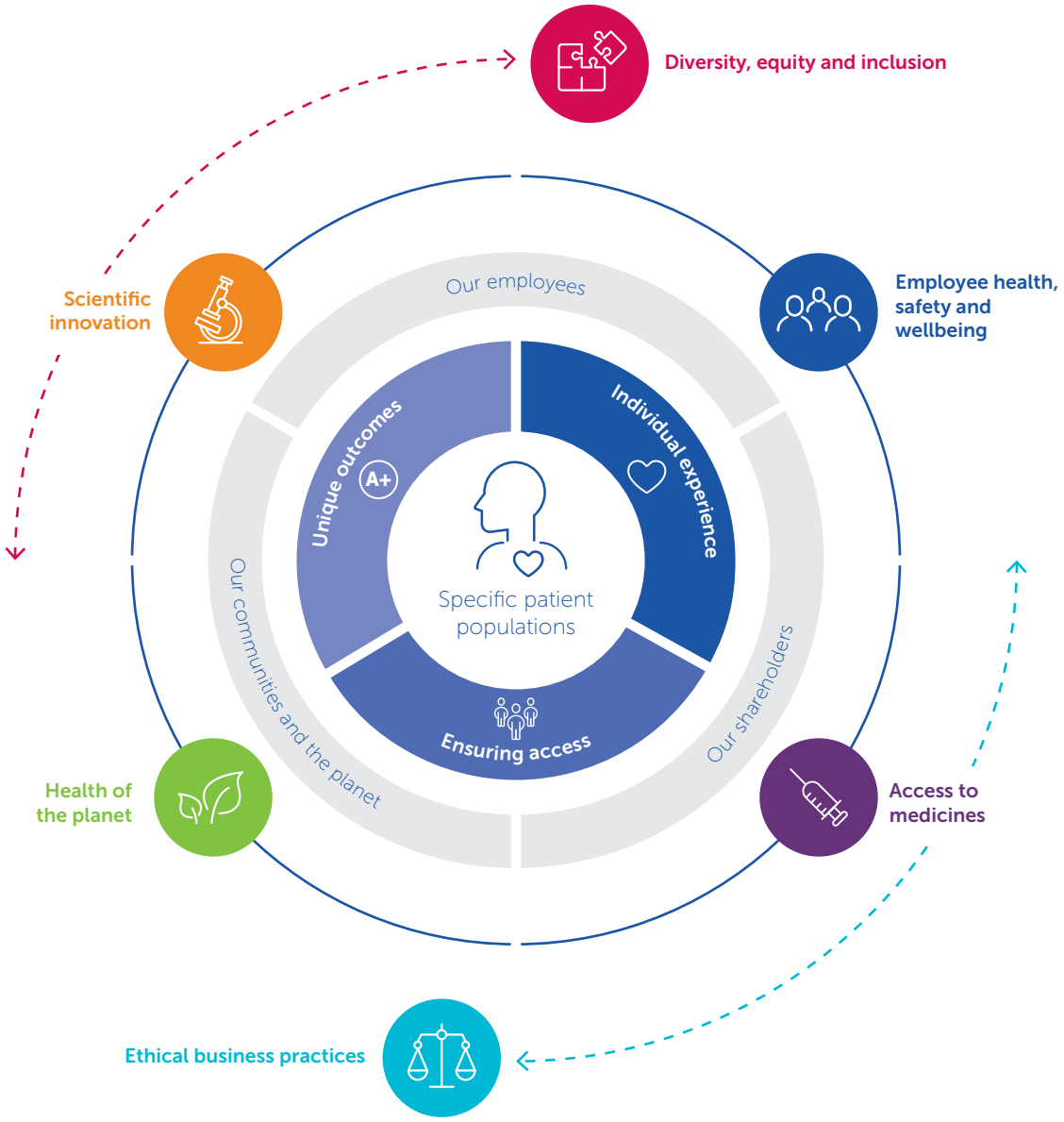
In line with the findings from this exercise, we leverage our expertise to integrate sustainability into our business approach and improve societal health with a focus on four priority areas:

- Scientific innovation
- Access to medicines
- Employees' health, safety and wellbeing
- The health of the planet

We also build on two foundational topics:

- Diversity, equity, and inclusion across our business.
- The ethical principles of transparency, respect, and integrity.

Sustainability is our business approach



Scientific innovation
We design, develop and deliver differentiated solutions that help specific patients achieve their life goals and contribute to addressing societal health challenges.

Access to medicines
In the countries where we operate, we are focused on ensuring that all patients who need our medicines have access to them in a way which is viable for patients, society and UCB.

In Low- and Medium-Income countries, we develop a social business approach to provide access to quality care and medicines for people with epilepsy.

Health of the planet
We contribute to the transition towards a low carbon and green economy to protect the planet.

Employee health, safety and wellbeing
We aim to foster a working environment and climate where people are happy, healthy, safe and able to thrive. We do this by creating the right conditions for colleagues to benefit from cutting-edge, impactful programs. We also aim to pay particular attention to colleagues affected by severe diseases, whether as patients or as caregivers.

Diversity, Equity and Inclusion
We aim to inspire a culture of inclusion by providing equitable opportunities to all employees, embracing diverse talents and leveraging diversity of thought and experience.

Ethical business practices
We create an environment that drives ethical behavior, thereby protecting the company's reputation and ensuring sustained business performance.

In 2020, we made progress on our journey to drive societal impact.

We developed new **extra-financial key performance indicators (KPIs)** and started reporting on our performance in relation to access to medicines and employee health, safety and wellbeing while continuing to report progress on our health of the planet targets. We will continue to refine our approach to performance measurement in order to maximize our positive contributions to society alongside our business success. You can learn more about our **reporting** standards and adherence to the **Global Reporting Index (GRI)** here.

UCB works with the Science Based Targets initiative to ensure that we meet our climate change goals of rendering our operations carbon-neutral by 2030. You can read more about these efforts in the Caring for the Planet chapter of this report. This project is a joint initiative by the United Nations, the Carbon Disclosure Project, the World Resources Institute and the World Wide Fund for Nature. It supports organizations with setting climate targets in line with the COP21 climate summit in Paris.

2020 also saw us establish a **sustainability governance framework** comprised of two bodies. The **Sustainability Governance Committee** is an internal initiative to monitor progress on our journey, while the **External Sustainability Advisory Board** gathers six external experts to provide an outside perspective on our approach. You can learn more in the Governance chapter of this report.

Our commitment to driving business, social and environmental impact spans our entire company and is interwoven into our day-to-day business activities. With this in mind, we are **engaging colleagues** at every level in dialogue and discussions about how to ensure that our business imperatives and societal priorities converge.

We are deeply committed to playing our part in achieving the **UN Sustainable Development Goals (SDGs)**, in collaboration with all relevant partners. The 17 SDGs are core to achieving a sustainable future for all, as set out in the UN's 2030 Agenda for Sustainable Development.

We believe we can have the most impact by focusing on two of the SDGs:

We also impact other SDGs through our business and activities. To better understand our overall contribution to the 2030 United Nations Agenda for Sustainable Development, see our GRI tables mapped against the SDGs.

As of 2020, UCB is also a participant in the **United Nations (UN) Global Compact**, a voluntary initiative of over 12 400 companies whose CEOs have committed to implementing universal sustainability principles and to take steps to meet the SDGs. The Ten Principles of the United Nations Global Compact cover human rights, labor, environment, and anti-corruption. UCB has committed[1] to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the UN's broader development goals of the United Nations, particularly the SDGs.

[1] UCB Letter of Commitment to Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption, dated December 18, 2020: https://ungc-production.s3.us-west-2.amazonaws.com/commitment_letters/142894/original/Guterres_Antonio_-_United_Nations_-_December_18_2020.pdf?1609837715

Digital business transformation

UCB recognizes that leveraging technology across our business is not a choice, but rather a necessity to enhance our business performance and produce new value propositions. Through digital transformation, we can amplify the power of scientific innovation to create sustainable value and ensure that patients can live the lives they want.

Even prior to the COVID-19 pandemic, digital technology was already changing how patients experience care, how healthcare professionals practice medicine, and how companies like UCB develop solutions and bring them to the market.

It is with this in mind that digital business transformation was established as a strategic priority for UCB, enabling us to deliver enhanced performance and explore new ways of doing business, all with a view to creating value for patients, now and into the future. Many of our digitalization activities were accelerated as a result of COVID-19 and the learnings from this acceleration will influence how we prepare for the future. UCB's digital business transformation is a cross-company strategic priority, which concerns all employees at every level.

Digital business transformation at UCB takes two forms:

- Digitalization of our core business to make established ways of working simpler and more efficient.
- Digital transformation – i.e. using technology to create new business processes, culture and customer experiences to meet changing business and societal requirements.

By focusing on both these areas, we can reimagine every aspect of our business, particularly how we shape new solutions and create new platforms, from discovery, to development, to delivery. To successfully achieve our digital business transformation, we invest in multiple enablers that allow us to remain agile, experimental and adaptable. These are:

- **Data.** We want to establish a data-centric culture where data is everyone's responsibility, where it informs decision making, and where it enhances cross-company empowerment, collaboration, and information sharing throughout the company.
- **Capabilities.** To optimize our use of new technologies, we are upskilling, reskilling and hiring new talent across the company – from data scientists and engineers, to information technology (IT) architects, user experience (UX) designers, and platform project leads. This is supported through dedicated learning and development programs, 'hands-on' experiential training, rotation programs, and talent acquisition/partnering solutions.
- **Culture and Mindset.** Successfully achieving our digital business transformation depends as much on shifting our company mindset and culture as it does on investing in new infrastructures, technology and skills. This means working to overcome common barriers, such as silos and hierarchies, while focusing on customer-centricity, agility, risk-value mindset, adaptability and growth mindset, transversal collaboration, and external connectivity.

UCB is transforming its entire clinical development process from a sequence of activities into a fully-integrated, technology- and data-enabled process. All aspects of clinical development, from clinical study design, feasibility assessment, and clinical site identification, to patient recruitment, data collection, data analyses and reporting are undergoing major innovation. A cornerstone of this process is our end-to-end clinical study automation program, which aims to speed up the delivery of each clinical study while also reducing costs and enhancing consistency and quality. This is possible through an internally-developed IT platform, where data standards and digital clinical design contents (i.e. inputs for various study documents) form the foundation for interoperability and digitalization right from the clinical study design stage.

Highlights

Ra Pharma

UCB successfully completed the acquisition of Ra Pharmaceuticals, Inc., making Ra Pharma now a wholly-owned subsidiary of UCB. This enhances our leadership potential for improving treatment options for people living with myasthenia gravis and other rare diseases.

Engage Therapeutics: Staccato® *Alprazolam*

UCB acquired Engage Therapeutics, Inc. a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of epileptic seizures. This product combines the Staccato® delivery technology with the established *benzodiazepine alprazolam*.

Ferring Pharmaceuticals

UCB and Ferring Pharmaceuticals Inc. entered into a co-promotion agreement to commercialize the prefilled syringe formulation Cimzia® *(certolizumab pegol)* in the United States for the treatment of Crohn's disease.

Roche and Genentech

UCB entered into a worldwide, exclusive license agreement with Roche and Genentech, a member of the Roche Group, for the global development and commercialization of *bepranemab* (UCB0107) in Alzheimer's disease (AD).

Cimzia® available to Japanese patients

Cimzia® *(certolizumab pegol)* was approved by the Japanese health authorities for the treatment of plaque psoriasis, psoriatic arthritis, pustular psoriasis and psoriatic erythroderma for which existing treatment methods are not sufficiently effective. This makes Cimzia® the first Fc-free, PEGylated anti-TNF treatment option now available for these patients in Japan.

Handl Therapeutics and Lacerta Therapeutics

UCB acquired Handl Therapeutics BV, a rapidly growing and transformative gene therapy company based in Leuven, Belgium and began a new collaboration with Lacerta Therapeutics, a U.S.-based clinical stage gene therapy company. Together, these will help to accelerate UCB's ambitions in gene therapy.

Promising progress for *bimekizumab*

Phase 3b study BE RADIANT, comparing *bimekizumab to secukinumab* for the treatment of adults with moderate-to-severe plaque psoriasis met its primary end points.

The U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) accepted marketing application submissions for *bimekizumab* for the treatment of adults with moderate-to-severe plaque psoriasis.

Broadening the patient population for Vimpat®

We received new approvals for Vimpat® *(lacosamide)* in the U.S., Europe and Japan as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures (PGTCS) in patients four years of age and older. In addition, Vimpat® oral solution was approved in China for the adjunctive treatment of partial onset seizure in epilepsy patients four years of age and older.

Our performance

Despite the challenges created by the ongoing COVID-19 pandemic, UCB continues to grow our business in a sustainable way, achieving a strong financial performance in 2020, investing in research and development, and making progress on our commitments to society.

Performance data

	2018	2019	**2020**
Financial Performance			
Continuous growth			
Revenue (€ million)	4 632	4 913	5 347
Adjusted EBITDA/revenue ratio	30%	29%	27%
R&D expense/revenue ratio	25%	26%	29%
Extra-financial Performance			
Value for Patients			
# Assets in pipeline	10	7	12
Access performance[1]			
Reimbursement for all patients within regulatory label	n/a	n/a	30%
Reimbursement for some, but not all patients within regulatory label	n/a	n/a	54%
No reimbursement, or reimbursement is pending	n/a	n/a	16%
Value for People			
Health, safety and wellbeing index[2]	n/a	n/a	78.4%
Gender diversity			
% Female/male [whole company]	49%/51%	50%/50%	50%/50%
% Female/male [executive level]	29%/71%	33%/67%	34%/66%
% Female/male [board]	31%/69%	38%/62%	38%/62%
Value for Planet[3]			
Absolute reduction in carbon emissions for operations we directly control[4]	-30%	-35%	-60%
Reduced waste generation	-24%	-32%	-38%
Reduced water withdrawal	-1%	-27%	-30%

The financial and extra-financial data are reported for the period 1 January – 31 December. Financial data is reported semi-annually, and extra-financial data is reported annually. The last UCB Annual Integrated Report was published on February 20, 2020.

[1] In 2020, we measured our access performance in 14 countries (Belgium, China, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, the United Kingdom, and the United States [Medicaid, Medicare, and Commercial insurance]) for four products (Briviact®, Cimzia®, Evenity®, and Vimpat®. Scope of analysis and reporting will be increased in 2021.

[2] In 2020, UCB evolved our health, safety and wellbeing (HSWB) ambition and delivery model, including the launch of a new HSWB index that will provide us with an overarching view of our performance and impact. The baseline listed here will serve as a benchmark to measure the impact of all future HSWB programs or initiatives that will be rolled out starting in 2021.

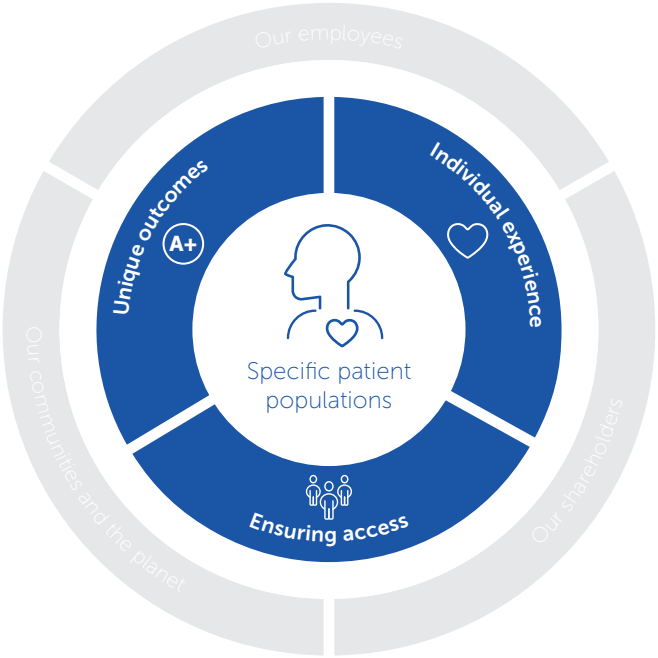
[3] Environmental data is compared with our baseline year of 2015.

[4] On-going CO_2 calculation for our indirect impact (purchase goods and services). Based on the amount spent and type of suppliers (services, raw material, accommodations, etc.) we apply a CO_2 emissions factors (except for business travel, fleet, CMOs and sites' energy where we use the actual fossil fuel consumption instead of spending). We have already started to assess about half of our suppliers on their carbon maturity (from "no calculation of footprint" to "commit to carbon neutrality").

Caring for Patients

We put patients and their individual experiences at the heart of everything we do – from developing differentiated solutions for specific patient populations, to providing access for those who need them.

Our ambition for patients



In line with our purpose, UCB is committed to enabling people living with severe diseases, their caregivers and their families to live their best lives. We continuously innovate to bring differentiated solutions with unique outcomes that help specific patients achieve their life goals and that create the best individual experience for them. This also means ensuring access for all who need these solutions, in a way which is viable for patients, society and UCB, now and into the future.

Caring through COVID-19

UCB actions during the COVID-19 pandemic

- **Safety** measures & **wellbeing** programs
- Guarantee of **job compensation**

- Continued **supply** of our medicines
- Financial assistance for qualified patients to maintain **access** to our medicines
- **Medical communication** adapted to COVID-19 context

- **Accelerated payments** to our most vulnerable suppliers
- Active contribution to increase local COVID-19 diagnostic **testing capabilities**
- **Donations in kind** (hydroalcoholic gel, protective materials) & employee volunteering
- **€ 1.5M** available to local teams for direct help to their communities

- Contribution to COVID-19 **research** projects worldwide
- Setting up a UCB **Global Fund** to understand and address long-term effect of COVID-19 on vulnerable populations' health

Communicating with care

Throughout this year we took steps to provide timely, clear and easily-accessible information to patients about the impact COVID-19 was having on our operations, the steps we were taking to mitigate these effects, and any potential repercussions on their access to medicines and treatments. We kept in close contact with patient advocacy associations and healthcare professionals to ensure they were equipped with the information needed to reassure patients.

Keeping patients safe

In March, we made the difficult decision to pause new patient recruitment into ongoing clinical studies and to postpone the launch of any new studies. Our previous technology transformation implementation efforts allowed us to continue selected trials remotely, thanks to existing telehealth platforms, electronic consent procedures, and already-established home visits from healthcare professionals. This decentralized approach to clinical studies kept existing patients enrolled in ongoing studies safe and reassured, while also relieving the burden on physicians and frontline medical staff who understandably had other urgent priorities. While clinical trial recruitment and new studies have since restarted, we are continuing to closely monitor any impact of COVID-19 on these activities and remain at the ready to adapt or pause as necessary.

Securing supply chains

Together, our internal development and manufacturing capabilities and external network cover the full spectrum of Chemistry, Manufacturing and Controls (CMC) activities for small and large molecules – from process, analytical, formulation, device and packaging development to pre-clinical, clinical and commercial drug substance, as well as drug product manufacturing, fill and finish, device assembly and packaging. These activities are performed across our sites and at selected partners and contract manufacturing organizations (CMOs).

We operate distribution centers worldwide for direct distribution of most of our commercial and clinical products. We also use third-party distributors to supplement distribution. Through our global supply chain organization, we ensure end-to-end oversight of supply – from raw material procurement to delivery in each of the countries where UCB delivers directly.

From the onset of the outbreak, UCB continuously monitored the situation for any potential impact to the supply of our medicines around the world, accelerating our cycles, tapping our strategic buffer stocks where necessary and multi-sourcing key materials in our global manufacturing and supply network to anticipate and mitigate the impact of any potential disruptions due to the pandemic. We are proud that thanks to the efforts of col-

leagues and partners around the world, we ensured continuity of supply of our products to patients and our network of suppliers.

Financial support for patients

In countries where patients may have needed additional financial support to cover the cost of our medicines, our Patient Assistance Programs (PAPs) were extended to help them in these exceptional circumstances and to ensure that patients who had been prescribed our medicines could continue to access these without interruption. In the U.S., we expanded our existing PAP to help eligible patients impacted by COVID-19 and expedited enrollment to help ensure uninterrupted access to UCB medicines. This helps patients experiencing difficulties affording medicines due to job loss, furlough, or loss of insurance coverage. You can learn more about our efforts in the Providing access to our solutions section of this chapter.

Playing our part in the wider response

We put our expertise and resources to work and advance COVID-19 basic research and treatment development in collaboration with various researchers and governments. We worked with government agencies and the healthcare community to determine if any of our available or investigational therapies could be effectively used to help hospitalized patients with COVID-19. And we offered our expertise and resources to increase local testing capabilities in countries where we had the required facilities. You can read more about these partnerships and initiatives in the Collaborating for better care section of this chapter.

Digitalizing patient care

While 2020 was undoubtedly challenging, it also presented us with new and sometimes unexpected opportunities to pursue innovation in care and treatment. We continued to pursue digital-driven progress in a number of patient-critical areas, from new acquisitions and partnerships, to ongoing awareness-raising around rare diseases or the unmet needs of immunology and neurology patients. For instance, we were also the first pharmaceutical company to join the COVID Moonshot crowdsourcing initiative, combining our scientific expertise with artificial intelligence (AI) to identify molecules that counteract replication in the SARS-CoV-2 virus. You can read more about this initiative in the Caring for Communities chapter of this report.

Spotlight Story: UCBCares during COVID-19

UCBCares is a dedicated service providing support to patients and healthcare professionals throughout the treatment journey. Teams are available to share guidance on specific treatment options, answer any and all questions about UCB medicines, and provide relevant resources and support.

Following the outbreak of COVID-19, this support service became a lifeline for many patients. Following specialized training, UCBCares teams became available 24/7 to respond to the needs of patients and healthcare professionals alike, providing an effective, accurate, informative, reassuring and, above all, empathetic response to increased levels of concern, particularly around continuity of medicine supplies and immunosuppression of medicines.

Social media inquiries from patients and healthcare providers (HCPs) were redirected to the UCBCares web page, where views increased 50 percent during the March-April peak in virus infections. UCBCares Europe sent more than 2 200 customized e-mails across 15 countries, containing key information for patients and healthcare providers. UCBCares in the U.S. engaged with hundreds of patients on questions related to COVID-19 over the course of the year

The UCBCares teams continued to play a key role in answering questions about the special programs announced by UCB to ensure patients continue to receive the medicines they need, however much they are affected by the crisis. They remain on standby to provide updates, answer questions and provide information on the measures we are taking to support patients living with severe, chronic diseases, during and beyond the current crisis.

Innovating for patients with severe diseases

Why we innovate

UCB's approach to scientific innovation is a key area of our sustainability approach and underpins our commitment to make a positive impact for people living with severe diseases. In line with UN SDG#3, which aims to ensure healthy lives and promote wellbeing for all, we are working to create value for patients, now and into the future – and in doing so, to contribute to the wider health and wellbeing of our societies for generations to come.

By focusing on developing differentiated solutions for specific patient populations, regardless of size, we are taking tangible steps forward by moving from symptomatic treatment to disease modification, and eventually, towards cures for severe chronic diseases. To achieve this goal, we continue to focus on patients' unmet needs and expanding our capabilities by investing in state-of-the-art scientific platforms and medical advances.

The journey towards differentiated solutions for specific patients starts early in research and development. Our research process is grounded in strong science. We aim to understand the evolving knowledge underpinning disease biology and combine this with groundbreaking technologies and platforms to develop novel therapies.

Please note that innovation-related risks are reported in the Risk Management section of this report.

Where we innovate

We have world class discovery, research and development facilities, and re-invest more than a quarter of our revenue in research and development (R&D) activities around the world.

- Our Braine-l'Alleud Research Campus, based just outside Brussels in Belgium, is the hub for UCB's manufacturing, research and development expertise, particularly with regards to biologic and solutions for neurological diseases.
- Our Slough facility in the U.K. focuses on research and development for immunology therapies.
- In 2020, we acquired a new campus in Windlesham, Surrey for UCB's U.K. operations. Once operational in 2024, this site will support cutting-edge research and development, early manufacturing and commercialization of medicines. This reflects UCB's commitment to retain the U.K. as one of its three global hubs for research, alongside Belgium and the U.S, in spite of the U.K.'s departure from the European Union.
- In the U.S., UCB's Boston R&D Hub, established in 2017, now has more than 125 people driving our work in areas including targeted protein degradation, protein biochemistry, and structural biology to help us discover new medicines for treating patient populations with severe neurodegenerative and immunological diseases.

"For me, Better Care means that doctors take the time to listen to my concerns and look at the whole picture."

Amber, living with psoriasis

How we innovate with others

Alongside our own R&D efforts, we are always seeking to forge partnerships that build on our science, allow us to go beyond our existing capabilities and further advance our focus on specific patient populations. We amplify our expertise in chemistry, biology and gene therapy by collaborating with other biotechnology and pharmaceutical companies, as well as academic and research organizations. 2020 saw several exciting developments in this regard.

For instance, UCB's presence in the Boston area expanded significantly this April, when we **announced the completion of our acquisition of Ra Pharmaceuticals, Inc.** a clinical-stage biopharma company based in Cambridge, Massachusetts. Ra Pharma is now a wholly owned subsidiary of UCB. The acquisition enhances our leadership in the development of solutions for myasthenia gravis, a chronic neuro-muscular disease, by adding the Phase 3 drug *zilucoplan*, a peptide inhibitor of complement component 5 (C5) currently in Phase 3, to the UCB pipeline alongside *rozanolixizumab*, UCB's FcRn targeting antibody which is also in Phase 3. *Zilucoplan* is a novel investigational molecule which is also being evaluated as a treatment for other degenerative diseases.

This was followed in June by the acquisition of Engage Therapeutics, a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of epileptic seizures. This product combines the Staccato® delivery technology with the established *benzodiazepine alprazolam*. UCB is currently developing a clinical program to investigate its use as a single-use epileptic seizure rescue therapy in the outpatient setting.

In a dynamic world with many new frontiers in science and technology, we are embracing the latest medical science. To that end, we also announced the **acquisition of Handl Therapeutics BV, a rapidly growing and transformative gene therapy company** based in Leuven, Belgium, as well as a **new collaboration with Lacerta Therapeutics**, a U.S.-based, clinical-stage gene therapy company. This will help us accelerate the realization of our ambitions in gene therapy, which has the potential to drive a fundamental change in how diseases are treated, by moving us from treatment to disease modification, and eventually, towards a cure.

We launched a **collaboration with Roche to develop an antibody treatment for people living with Alzheimer's disease**, giving Roche and its subsidiary Genentech an exclusive, worldwide license to UCB's *bepranemab* (UCB0107), an innovative antibody treatment for the disease. Roche and Genentech have deep and wide-ranging expertise, capacity and know-how in treating Alzheimer's, and this collaboration may offer people living with the disease a new option for treatment.

Disease areas and solutions

UCB's goal is to address the unmet needs of patients living with a range of severe diseases. In 2020, we've continued to develop and deliver new solutions to support several specific patient populations in the following disease areas.

Psoriasis

At UCB, we are committed to advancing the discussion, understanding, and treatment of dermatological conditions. We seek to understand and address the unmet needs of people living with chronic inflammatory skin conditions, like more effective, convenient treatment options, better access to treatment, and ultimately healthier skin.

One such condition is **psoriasis**, a common, chronic inflammatory disease with symptoms that mostly affect the skin, such as red patches of skin covered with silvery scales, cracked, bleeding skin, or severe itching and pitted nails. The condition has a variety of forms, though plaque psoriasis is most common, comprising approximately 80 percent to 90 percent of all cases. Several other serious diseases have been associated with psoriasis, including diabetes, heart disease, and psoriatic arthritis, a chronic disease that causes inflammation, swelling, and pain in the joints[1].

Because of its visible and physically debilitating aspects, psoriasis often takes an emotional toll on patients, causing self-consciousness, frustration, fatigue, depression, and even suicidal thoughts.[2] As research continues to demonstrate the serious, systemic effects of psoriasis, new research approaches are now needed to improve the health and lives of psoriasis patients – and UCB continued to make headway in this regard during 2020.

In January 2020, UCB's biologic **Cimzia®** *(certolizumab pegol)* was approved by the Japanese health authorities[3] for the **treatment of plaque psoriasis, psoriatic arthritis, pustular psoriasis and psoriatic erythroderma** for which existing treatment methods are not sufficiently effective. The approval makes Cimzia® the first Fc-free, PEGylated anti-TNF treatment option now available for these patients in Japan.

In September, we were excited to announce that both the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) accepted marketing application submissions for *bimekizumab* for the treatment of adults with moderate-to-severe plaque psoriasis, following the positive results of three Phase 3 studies.[4] In addition, the Phase 3b study BE RADIANT compared UCB's investigational molecule *bimekizumab* to *secukinumab* for the treatment of adults with moderate-to-severe plaque psoriasis, and met its primary end points. These studies support the potential value of *bimekizumab* for rapid, complete and durable skin clearance, if approved by health authorities.

Rheumatoid arthritis (RA)

Rheumatoid arthritis (RA) is a progressive disease which causes chronic inflammation of the joints and mostly affects women.

In Europe, UCB's biologic Cimzia® (*certolizumab pegol*), in combination with methotrexate (MTX), is indicated for the treatment of moderate to severe, active rheumatoid arthritis in adult patients when the response to disease-modifying antirheumatic drugs (DMARDs), including MTX, has been inadequate. Cimzia® can be given as monotherapy in case of intolerance to MTX or when continued treatment with MTX is inappropriate. Cimzia®, in combination with MTX, is also indicated for the treatment of severe, active and progressive rheumatoid arthritis in adults not previously treated with MTX or other DMARDs. Cimzia® has been shown to reduce the rate of progression of joint damage as measured by X-ray and to improve physical function, when given in combination with MTX.

Cimzia® is indicated in the U.S. for the treatment of adults with moderately to severely active rheumatoid arthritis.

Our progress on RA is part of our wider, ongoing efforts to support patients living with a range of chronic inflammatory conditions, including axial spondyloarthritis (axSpA) and psoriatic arthritis (PsA). We will continue to work towards developing differentiated solutions for such diseases, to help improve patients' quality of life for years to come.

[1] Wilson, F. C., Icen, M., Crowson, C. S., McEvoy, M. T., Gabriel, S. E., & Kremers, H. M. (2009). Incidence and clinical predictors of psoriatic arthritis in patients with psoriasis: a population-based study. Arthritis Rheum, 61(2), 233-239. doi:10.1002/art.24172

[2] Bhosle M. Quality of life in patients with psoriasis. Health Qual Life Outcomes. 2006; 4: 35. Published online 2006 Jun 6.

[3] https://www.ucb.com/stories-media/Press-Releases/article/CIMZIA-certolizumab-pegol-now-Available-for-Patients-in-Japan-living-with-Multiple-Psoriatic-Diseases

[4] https://www.ucb.com/stories-media/Press-Releases/article/UCB-Achieves-Important-Regulatory-Milestone-for-Bimekizumab

Epilepsy

In 2020, we continued to advance our **leadership in epilepsy**. UCB's existing product portfolio for epilepsy symptom management includes Keppra®, Vimpat®, Briviact® and Nayzilam® (U.S. only).

Our ambition is to provide specific patient populations with epilepsy with a diverse set of differentiated medicine-based and technology-leveraged solutions. Through the experiences and outcomes we enable, we strive to offer patients freedom from their symptoms today and anti-epileptogenic options tomorrow, so each of them can live the life they want. Our recent acquisition of Engage Therapeutics, a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of epileptic seizures, will further support these efforts.

Millions of people worldwide live with epilepsy[5], a condition characterized by recurring seizures. About half of people with newly-diagnosed epilepsy become seizure free with their first anti-epileptic drug, but approximately a third of people with epilepsy continue to live with uncontrolled seizures because there is no available treatment that fully works for them.

The aim of treatment is to enable patients to lead a life as normal as possible, free from seizures and with minimal or no side-effects, but the choice of treatment needs to be carefully tailored to each patient and their type of seizure. In the coming years it is our aim to improve the detection, management and treatment of epileptic seizures through an offering that integrates digital technology with patient input to guide clinical decisions.

We achieved a number of epilepsy-related milestones in 2020, all of which will allow us to continue delivering value to patients living with this condition and to advance solutions for unmet needs in the epilepsy community.

- 2020 saw the ongoing roll-out in the US of Nayzilam® (*midazolam*) Nasal Spray[CIV], the first nasal rescue treatment for epilepsy seizure clusters in the U.S.
- In December, the Chinese Center for Drug Evaluation (CDE) approved the monotherapy indication in patients with partial onset seizures (POS) for Keppra® *(levetiracetam)* injection, for intravenous use.
- In August, we shared results from our Phase 3 study for Vimpat® (*lacosamide*), which showed that adjunctive *lacosamide* treatment in patients 4 years and older with idiopathic generalized epilepsy resulted in a significantly lower risk of developing a second primary generalized tonic-clonic seizures and a significantly higher rate of freedom from these seizures.[6]
- In November, the U.S. Food and Drug Administration (FDA) approved Vimpat® as an adjunctive therapy in the treatment of primary generalized tonic-clonic seizures (PGTCS) in patients with epilepsy aged 4 years and above. These are the most serious seizures, posing a great risk to the health and wellbeing to patients suffering from them. The FDA also approved the use of Vimpat® IV in pediatric patients 4 years of age and above with partial onset seizures (POS) or primary generalized tonic-clonic seizures.
- In December, the European Medicines Agency (EMA) and Japan's Ministry of Health, Labor & Welfare (MHLW) approved Vimpat® as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures in adults, adolescents and children from 4 years of age with idiopathic generalized epilepsy.
- In March, UCB announced that the Phase 2b study of *padsevonil* in drug-resistant epilepsy patients failed to show any significant impact. While generally well-tolerated and safe, further analysis of the data led UCB to terminate the program as it did not offer sufficient benefit for people living with epilepsy over that provided by existing anti-epileptic treatments.

[5] World Health Organization (WHO) Factsheet on Epilepsy, published on 20 June 2019, accessed on 30 November 2020 via https://www.who.int/en/news-room/fact-sheets/detail/epilepsy

[6] Vossler DG, Knake S, O'Brien TJ On behalf of the SP0982 co-investigators, et alEfficacy and safety of adjunctive *lacosamide* in the treatment of primary generalised tonic-clonic seizures: a double-blind, randomised, placebo-controlled trialJournal of Neurology, Neurosurgery & Psychiatry 2020;91:1067-1075

Osteoporosis

One condition which disproportionally affects women is **osteoporosis**, characterized by low bone mass and deterioration of bone micro-architecture. This makes the bones weak and fragile and increases the risk of fractures. UCB is committed to delivering solutions that can improve the lives of patients living with this condition. By investing in treatment and therapies, as well as in bone research, innovation, post-fracture care and education, we can collectively deliver solutions that make a positive impact on patients' lives.

In 2020, UCB conducted a survey of almost 1 000 women[1] aged 60+ to better understand their experiences with osteoporosis – and the results suggested that many (65 percent) feel that the condition is neglected. 85 percent of the survey's respondents also agreed that healthcare authorities should do more to prioritize osteoporosis, with many speculating that the condition would be more of a priority if it affected younger people as well.

These findings also echoed concerns raised by healthcare professionals: another UCB survey[2] of bone specialists published, also conducted in 2020, found that 66 percent see osteoporosis as a neglected condition, with only 10 percent of specialists believing that osteoporosis and fragility fractures are currently given a high enough priority by their local health authority.

Evenity®[3] (*romosozumab*), a bone forming monoclonal antibody for the treatment of osteoporosis had its first European launch in March 2020. Evenity® is co-developed and co-commercialized by UCB and Amgen.

Myasthenia gravis (MG)

Myasthenia gravis (MG) is a rare, chronic, autoimmune, neuromuscular condition where the body's immune system mistakenly targets the connection between the nerves and the muscles. In people living with MG, voluntary muscles don't respond well to the signals sent by the brain. The main symptoms are extreme muscle weakness and fatigue.

Additionally, the severity of muscle weakness worsens over time, an event called muscle 'fatigability', and on rare occasions the weakness can be life-threatening, when people lose the ability to swallow or to breathe. Since the actual symptoms of MG vary greatly, individuals experience the disease in a very personal way, which can cause profound uncertainty.[4]

As part of our ongoing commitment to underserved patient populations, UCB is continuing to investigate treatments that can support patients living with myasthenia gravis. *Zilucoplan* is a small peptide inhibitor of complement component 5 (C5) that we are developing for the treatment of MG, currently in Phase 3. Also in our pipeline is *rozanolixizumab*, UCB's investigational humanized monoclonal IgG antibody, which is also in Phase 3.

Systemic lupus erythematosus (SLE)

Systemic lupus erythematosus (SLE), also known as lupus, is a serious, life-changing chronic autoimmune disease that occurs when the body's immune system attacks its own healthy tissues and organs. Inflammation caused by SLE can affect many different body systems, including the skin, joints, kidneys, blood cells, brain, heart and lungs. It often leads to irreversible damage of organ functions. SLE is often characterized by episodes known as flares, when signs and symptoms worsen, and remissions, when the symptoms of the disease improve again or even disappear. However the disease can also be consistently active.[5] The currently available medications for SLE often only generate partial improvement. They are frequently associated with significant side effects and can lose their effectiveness over time.

UCB has been investing in developing solutions for lupus for several years and 2020 brought several developments in this area. In March 2020, UCB and its partner Biogen included the first patients into the Phase 3 program with a new drug, *dapirolizumab pegol*, in patients with active systemic lupus erythematosus (SLE) despite standard-of-care treatment. First headline results are expected in 2024.

[1] https://www.ucb.com/patients/magazine/detail/article/Osteoporosis-patients-believe-their-condition-is-neglected

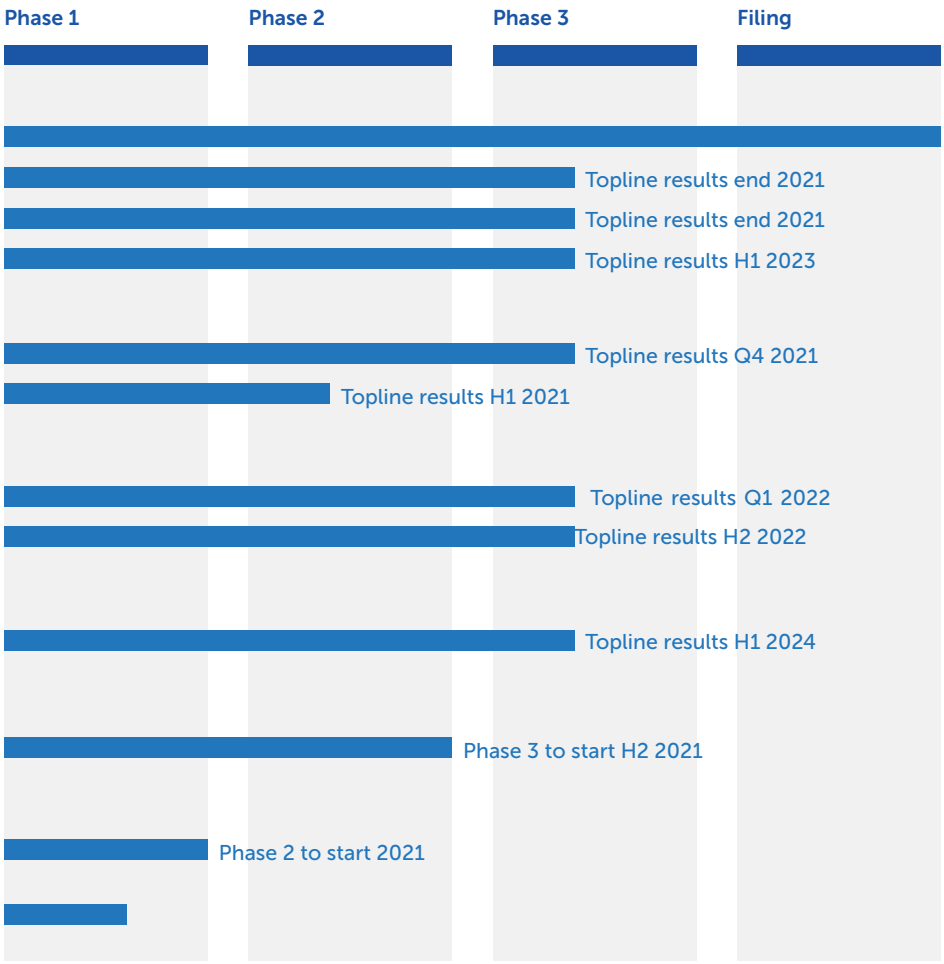
[2] https://www.ucb.com/stories-media/press-releases/article/Experts-consider-osteoporosis-to-be-a-silent-epidemic-which-is-neglected-and-under-addressed-according-to-new-survey-released-today

[3] Approved in the E.U., Israel, Hong Kong, Macau and Switzerland for treatment of severe osteoporosis in postmenopausal women at high risk of fracture. Approved in U.S., Canada, Taiwan, UAE, Thailand, Qatar and Brazil for the treatment of osteoporosis in postmenopausal women at high risk for fracture. Approved in Japan and South Korea for the treatment of osteoporosis for women and men at high risk for fracture. Approved in Australia for the treatment of osteoporosis in postmenopausal women at high risk of fracture and as a treatment to increase bone mass in men with osteoporosis at high risk of fracture.

[4] https://www.ucb.com/disease-areas/Myasthenia-gravis

[5] https://www.ucb.com/disease-areas/Lupus

Our pipeline



IMNM: Immune-Mediated Necrotizing Myopathy
* In partnership with Biogen

Zilucoplan in COVID-associated ARDS by University of Ghent (Belgium), Medical Research Council (U.K.) & COMMUNITY Trial (U.S.)
Zilucoplan in amyotrophic lateral sclerosis (ALS) by HEALEY ALS Platform Trial

Providing access to our solutions

Our goal is that **by 2030, all patients in countries where we operate who need our medicines will have access to them.**

Aligned with how sustainability is our business approach, and our commitment to UN SDG #3 (to ensure healthy lives and promote wellbeing for all at all ages) we work in the countries where we operate to enable access to our solutions for all patients who need them, in a way which is viable for patients, society, and UCB. In addition, we focus on improving access to quality care and medicines for people with epilepsy in low- and medium-income countries[1]. We recognize there are many challenges which may prevent access to medicines, including the time taken for new medicines to be made available in a market, reimbursement practices, and affordability.

We focus on the unmet needs of patients and **identifying the right patients early** who could benefit from our medicines.

We aspire to improve equitable access for patients by **securing access to our solutions in a timely fashion, measuring progress on access and affordability**, and **better demonstrating the value of medicines** to patients, healthcare systems, and society. UCB wants to be part of the solution towards equitable access, developing and implementing innovative, differentiated solutions that provide demonstrable value to patients – improving their lives now and into the future.

With this in mind, we have defined access **as the ability of a patient to obtain in a timely fashion, the medicine they need**.

Please note that access-related risks are reported in the Risk Management section of this report.

Identifying the right patients early

Identifying which patients need access to our medicines is an important consideration for patients with unmet needs and key external stakeholders in the healthcare environment. We want to be confident when we secure access for our solutions that we are not leaving behind any patients who would benefit.

As part of this commitment, we are working to ensure these key questions are considered and addressed as we build our clinical studies and develop our medicines:

- Have we identified and fully understood the unmet needs seen in the patient populations we are targeting?
- Are we capturing these populations who will benefit the most within our clinical studies?

Securing access in a timely manner

In some markets, the time it takes to reimburse a new medicine can cause significant delays for patients to access these new therapies. UCB is working to reduce the time it takes for UCB medicines to complete these access processes faster than the industry average in an effort to ensure patients have access to our solutions in a timely manner. In countries like the U.S., we support policies that encourage timely review and access to new medicines for patients and oppose to policies that could slow down patient access.

IQVIA, a world leader in data, technology and advanced analytics in healthcare, calculated the average time taken by the industry to complete these reimbursement steps, building on their work undertaken with EFPIA (European Federation of Pharmaceutical Industries and Associations) in their WAIT study (EFPIA Patients W.A.I.T. Indicator 2019 Survey, 2020 IQVIA). UCB worked with IQVIA to expand this analysis to cover all the countries where UCB operates, to establish a benchmark which UCB will strive to outperform. UCB also commits to updating this metric every year, as we know that the access environment is constantly shifting.

Measuring progress on access and affordability

To be able to achieve our access goal, it is important for us to know how we are performing today. In 2020 we strengthened our assessment of access performance for our key medicines. This analysis started with an initial consideration of 14 countries (Belgium, China, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, the United Kingdom, and the United States [Medicaid, Medicare, and Commercial insurance]) for four products (Briviact®, Cimzia®, Evenity®, and Vimpat®).

[1] For the 2021 fiscal year, and in line with World Bank. Atlas calculation methods, low-income economies are defined as those with a GNI per capita of $1,035 or less in 2019; lower middle-income economies are those with a GNI per capita between $1,036 and $4,045; upper middle-income economies are those with a GNI per capita between $4,046 and $12,535; high-income economies are those with a GNI per capita of $12,536 or more.

With the baseline established for these countries and reported in our performance section, we are working towards increasing access for patients who need our medicines. We are committed to delivering access to all these patients by 2030 and as such our performance will be assessed and disclosed every year and compared to our prior year baseline to make sure that we are on track to deliver on our commitments.

In support of our access commitment, in the U.S. affordability information for UCB's products is available to patients and all stakeholders on our website. Additionally, this year we expanded our existing Patient Assistance Program (PAP) to help eligible patients impacted by COVID-19 to ensure uninterrupted access to their medicines at no cost. This change helps patients experiencing difficulty affording UCB medicines due to job loss, furlough, or loss of insurance coverage. We are also participating in several additional programs aimed at helping those impacted by the pandemic stay on needed therapies.

In 2020, our U.S. net (after discounts and rebates) price change remained in line with inflation at an average of 0.4% across the U.S. product portfolio (list price change averaged 5%). At a product level, the largest single percentage change was a 7% list price increase and a 0.5% net price change from 2019 to 2020.

Supporting better recognition of the value of medicines

We continue to advocate for society to better recognize the value of medicines and maximize access, while balancing patient and country affordability. We take a value-based approach by defining the value created for specific patients, society, and captured in the healthcare market. This approach includes considering the patients with unmet needs that can benefit from our therapies and focusing on demonstrable value to these patients, improving their lives now and into the future. For new launches, we will continue to use this approach to inform our contracting, linked to evidence that we generate.

In promoting an environment that rewards value and encourages continued innovation, we are committed to ensuring the patient voice and real-world evidence (RWE) are included in healthcare quality measures and value assessments.

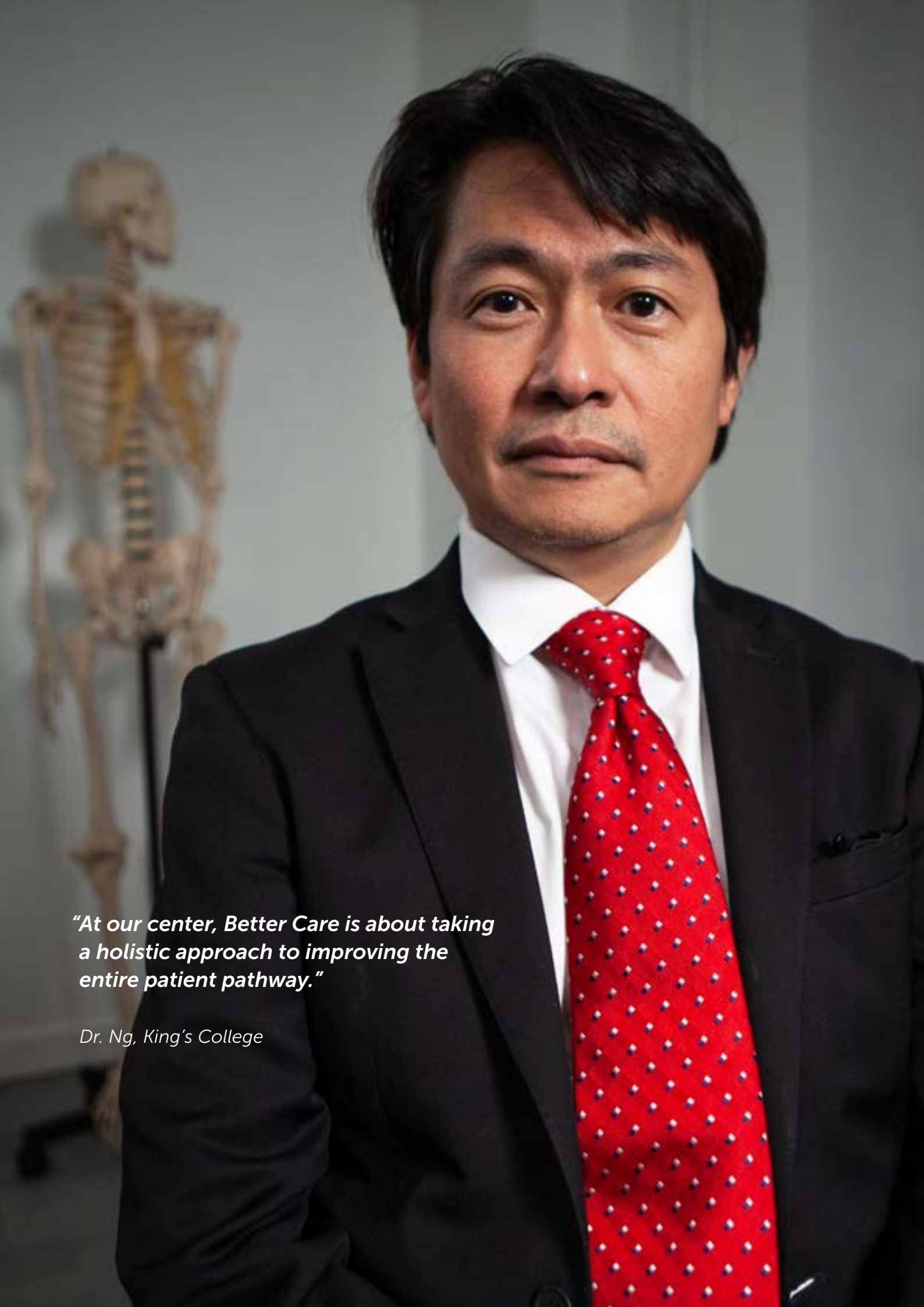
To help improve access to UCB medications for patients in the U.S., UCB seeks to engage in value-based contracts (VBCs) that stand behind the proven outcomes of UCB medications while improving access and affordability. This is a cornerstone for how we evaluate VBCs and remains a strategic imperative for deciding to engage in these arrangements. Our VBCs are designed to reinforce positive results for patients and deliver value to the U.S. healthcare system, using a range of performance indicators to assess their impact. UCB has multiple VBCs in place including agreements with influential regional and national payers and Medicaid in the areas of epilepsy and chronic inflammatory conditions.

While the structures of these contracts may vary since they are co-created to meet the unique needs of the patient population and data capabilities of a specific payer, we remain focused on delivering patient-centered solutions and affordable access for patients to the right medicine at the right time. As RWE is an important element of accounting for value, UCB also announced an agreement with Aetion, a leader in RWE, to enhance evidence generation to advance VBCs. Aetion's analytics capabilities allow us to rapidly respond to queries from payers about the effectiveness and value generated from our products: for instance, we are now able to share relevant analytics with payers within two to three weeks, rather than the three to four months required previously. As part of our digital business transformation, we believe partnerships like this will advance our capabilities in rapid analytics and assessing unmet patient needs faster.

Improving access to quality care and medicines for patients with epilepsy in low- and medium-income countries

Building on the experience gained through our on-going community projects in Africa and Asia, we have defined in 2020 a forward-looking framework for access and treatment for patients with epilepsy in low-and medium income countries. From now onwards, we will focus our innovation and partnership efforts on new value chain and enterprise models and start implementing a social business in 2021, focusing on two first pilots in India and Rwanda. We will report first progress on this new approach at UCB at the end of 2021.

UCB continues to focus on developing and implementing innovative, differentiated solutions that provide demonstrable value to patients – and healthcare systems around the globe – improving lives now and into the future.



"At our center, Better Care is about taking a holistic approach to improving the entire patient pathway."

Dr. Ng, King's College

Collaborating for better care

We believe that by building and maintaining key stakeholder partnerships, we can deliver on our promise to create value for patients now and into the future. This is also encapsulated by our commitment to Sustainable Development Goal #17 – **Partnership for the Goals** – which underpins our collaborative approach across UCB.

Delivering better care and treatments for patients is an ambition far greater than any one company, and collaborating with like-minded companies, organizations and associations is critical for expanding our impact for patients who need our help the most, as well for the wider communities we work and live in. To this end, UCB embarked on a number of new partnerships in 2020, including in the area of digital transformation – all of which are allowing us to increase and widen our innovative capabilities.

Digitalizing the future of care

We have embarked on a new project with **doc.ai**, an enterprise artificial intelligence (AI) platform, to launch a **digital health trial for myasthenia gravis patients**. Our collaboration with doc.ai, which began with an initial 10-week pilot study collecting information from MG patients via an app, aims to use smartphones to detect voice and facial patterns of people with MG, in order to build an AI model that correlates biomarker signatures with clinical symptoms. The use of AI, which can ensure a more consistent, precise and frequent reading of symptoms than is possible by human observation alone, will help researchers worldwide better understand, identify and distinguish the symptoms of this complex disease, and develop improved treatments.

"Improving understanding, from a patient perspective, about the day-to-day experience of living with myasthenia gravis is urgently needed. Only then can we focus on improving individual outcomes and experiences."

Chris, Head of Mission, Rare Diseases, UCB

Meanwhile our collaboration with health research network **TriNetX** gives us access to a global federated pool of electronic health records (EHR), following due clearance and review. We can now analyze aggregated health data from millions of patients almost in real-time, including patients with very rare diseases; make and deliver more accurate predictions and realistic clinical study plans; and run trials more efficiently and cost effectively by identifying sites which have a sufficient number of patients.

Academic collaborations

UCB continues to invest in therapies and treatments for **Parkinson's disease**, the world's second most common neurodegenerative disease, affecting six million people worldwide.[1] At present there is a lack of sensitive, objective and quantitative diagnostic measures of relevant functional ability, which are essential for accurate diagnosis and monitoring. To address these challenges, UCB has been supporting the **University of Oxford**'s QUantification In Parkinsonism (OxQUIP) study, which aims to develop ways of accurately measuring neurological disorders through precise measurement of subtle abnormalities in the timing, speed and coordination of a range of movements in patients at various stages of progression.

In the U.S., UCB also collaborates with multiple research institutions, for example, to better understand the current state of epilepsy and care. In 2020, this included working with **Arizona State University (ASU)** to launch research into the potential correlation between Social Determinants of Health (SDH) – the conditions in which people are born, grow, live, work and age – and epilepsy health outcomes at a community level. It is hoped that the research findings will help open new doors to supporting patients to access appropriate treatments. UCB is also supporting **Indiana University's School of Nursing** in their research into the current state of educational materials on being used in U.S. emergency rooms and epilepsy clinics, to help newly-diagnosed patients better navigate their care and to pave the way for refreshed resources for epilepsy patients that can be tested in emergency department settings.

[1] https://www.ucb.com/disease-areas/parkinson-s-disease

We embarked on an exciting multi-year collaboration together with **Stanford Medicine**, as part of our digital business transformation, to develop unique solutions that combine clinical, real-world, and other data sets — along with the required expertise — to identify which patients will respond best and ultimately, deliver better patient outcomes. The first project will focus on hidradenitis suppurativa (HS), also known as acne inversa, an immunological skin disease. UCB and Stanford Medicine plan to explore digital phenotyping, computational discovery of pathogenic mechanisms, and the disease burden and societal experience for people living with severe diseases like HS. By combining UCB and Stanford's clinical and real-world data and scientific innovation, we can create sustainable value for patients.

We also joined **Capture the Fracture**, a new collaboration between UCB, the International Osteoporosis Foundation (IOF), Amgen and the University of Oxford **to reduce the global public health burden of fractures related to osteoporosis**. It is estimated that more than 200 million people worldwide[2] suffer from this degenerative bone condition, resulting in an estimated one fracture every three seconds[3]. Capture the Fracture, originally launched by the IOF, helps to proactively implement post-fracture care (PFC) coordination programs in hospitals and healthcare systems to help patients prevent subsequent fractures. This global partnership will focus on key regions key regions including Asia Pacific, Latin America, the Middle East, and Europe, with the end goal of reducing hip and spine fractures.

2020 saw UCB launch an exciting new global campaign aimed at raising awareness of the unmet needs of women living with chronic inflammatory diseases. World-renowned, Grand Slam tennis champion Caroline Wozniacki has partnered with UCB to be the face of the campaign, entitled **Advantage Hers**.

As the highest-ranked female athlete known to have been diagnosed with rheumatoid arthritis while still playing professional tennis, Caroline knows first-hand the difficulties of living day-to-day with a chronic disease, and the impact that delays in diagnosis can have. Inspired by Caroline's own experiences, the Advantage Hers campaign provides women with the tools they need to build their own treatment and management plan together with their healthcare professional and feel empowered to take a more active role in their care.

"I want to connect with as many women with chronic inflammatory diseases around the world as possible. Collectively we can support each other in gaining advantage over our conditions – one small win at a time."

Caroline Wozniacki, Grand Slam winner

[2] Reginster JY, Burlet N. Osteoporosis: A still increasing prevalence. Bone. 2006;38 (2 Suppl 1):S4-S9
[3] International Osteoporosis Foundation. Capture The Fracture – A global campaign to break the fragility fracture cycle (October 2012). http://share.iofbonehealth.org/WOD/2012/report/WOD12-Report.pdf. Accessed March 11, 2020.

Stakeholder association engagement

UCB is a member of several industry associations around the world including the **International Federation of Pharmaceutical Manufacturers & Associations**, of which Jean-Christophe Tellier, UCB Chief Executive Officer & Chairman of the Executive Committee, is President. We are also members of the **European Federation of Pharmaceutical Industries and Associations**, the **Pharmaceutical Research and Manufacturers of America** in the U.S., the **Biotechnology Innovation Organization** in the U.S., the **R&D-based Pharmaceutical Association Committee** (RDPAC, China), and the Japan Pharmaceutical Manufacturers Association (JPMA, Japan).

UCB is also a member of various local chambers of commerce, healthcare stakeholder associations, and initiatives for sustainable development, and is represented on the board of several Belgian trade associations and organizations.

UCB also participates in several other international and regional associations that connect stakeholders to collaborate on key topics where we can bring our expertise and learn from others to provide solutions to key societal challenges. This includes such organizations as:

As part of our wider committed to UN SDG #3 to ensure healthy lives and promote wellbeing for all at all ages, we are engaged with Access Accelerated, a global initiative to tackle non-communicable diseases (NCDs).

UCB is part of "The Shift", working to co-create sustainable business models in Belgium.

UCB is one of 21 companies collaborating for the efficient, effective and high-quality delivery of new medicines.

We are collaborating to ensure product integrity and transparency across the supply chain with TAPA.

UCB is part of PFMD on their mission to jointly define the future of healthcare with patients.

UCB is investing in the ground-breaking AMR Action Fund, a cross-pharma industry initiative, developed in collaboration with the World Health Organization, the European Investment Bank, and the Wellcome Trust to ensure there is a sustainable pipeline of new antibiotics.

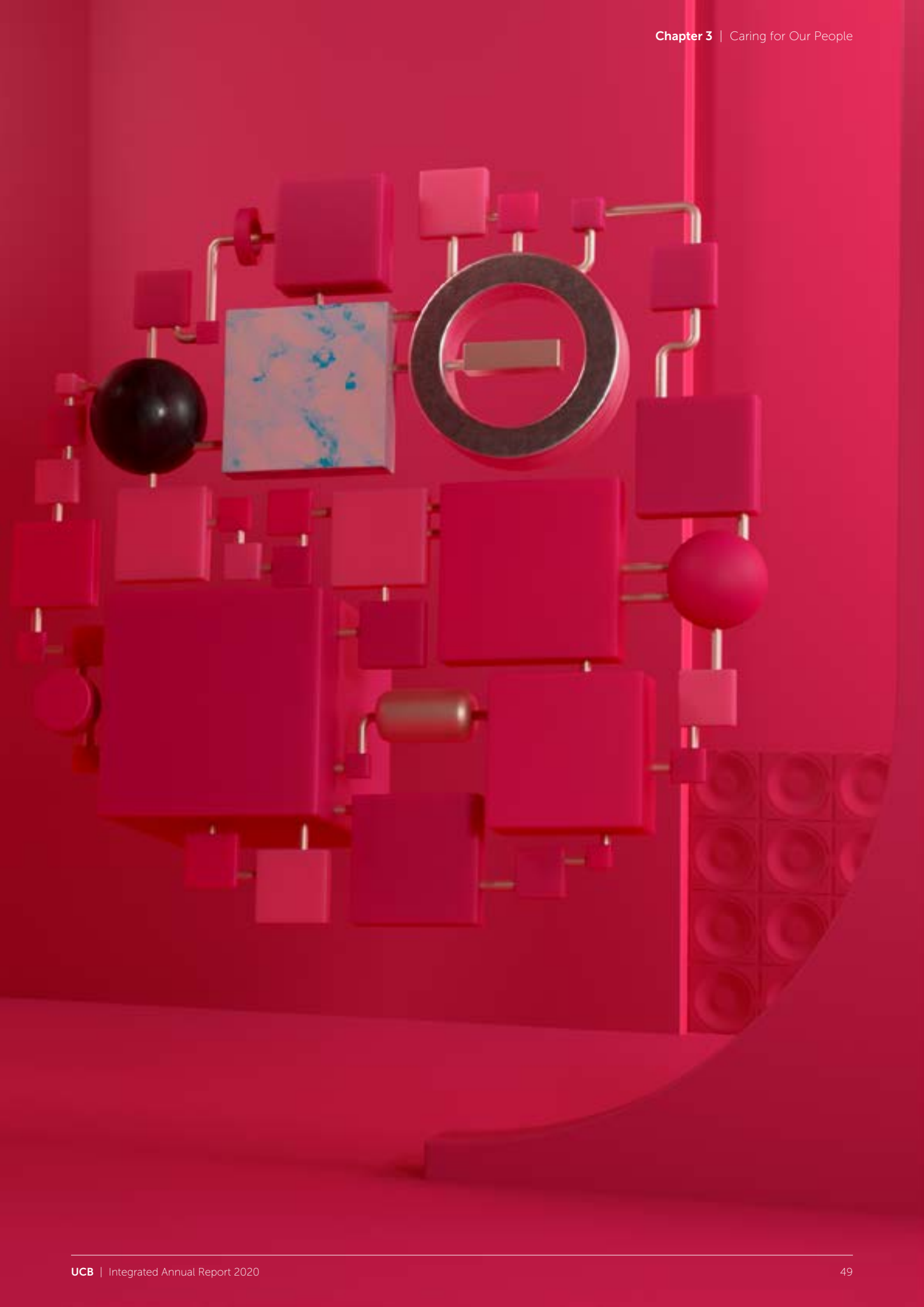
UCB is the only biopharma company representative currently on the board of the Innovation and Value Initiative (IVI), an organization dedicated to advancing the science and improving the practice of value assessment in U.S. healthcare.

UCB supports the Center for Global Health Innovation, an organization formed from the merger of the U.S. state of Georgia's major global health and life science organizations, representing over 250 organizations and is focused on catalyzing collaboration, innovation, and coordination within the global health, health technology, and life sciences ecosystem.

UCB is a member of the U.S. National Pharmaceutical Council (NPC), a health policy research organization dedicated to the advancement of good evidence and science, and to fostering an environment that supports medical innovation.

Caring for our People

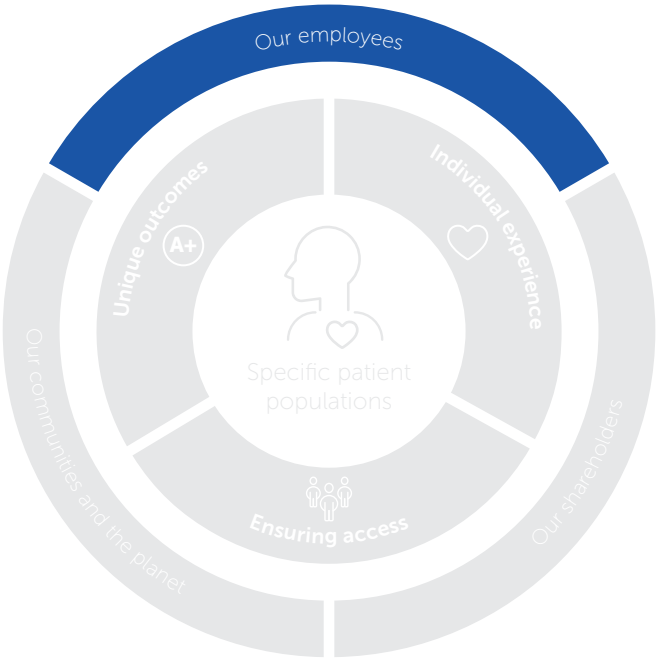
Creating the culture for UCB colleagues to thrive, and caring for each other, is essential for delivering on our patient value ambition and for generating wider societal value.



"At UCB we constantly push ourselves to raise the bar and innovate on behalf of the patients we serve, and to address the unmet needs of people living with psoriatic conditions."

Rhonda, Head of Dermatology U.S., UCB.

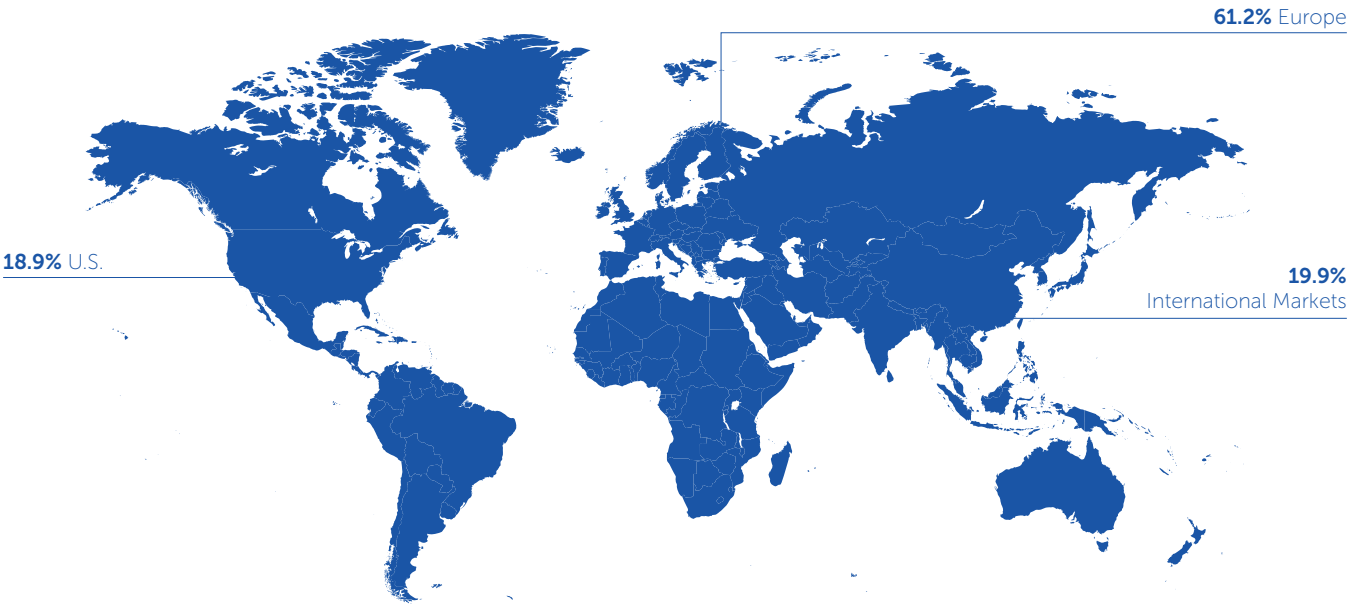
Stronger together, stronger than ever



To deliver on our ambition to help patients with severe diseases live the lives they want, we need to create the conditions for all UCB employees to thrive. This is also fundamental to achieving sustained business growth for UCB, while also generating wider societal value.

Please note that social risks are reported in the Risk Management section of this report.

Employees by region



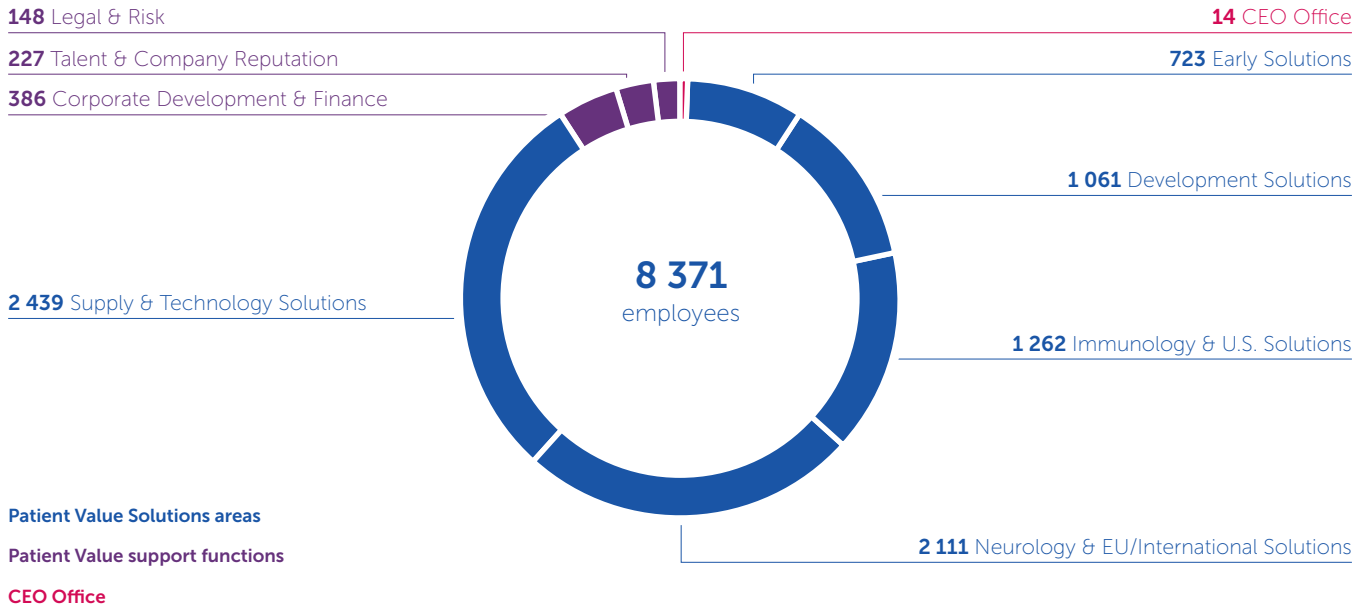
Throughout 2020, and the uncertainty generated by the COVID-19 crisis, UCB strived to ensure all employees felt safe and supported at all times, while also enabling their continued work towards improving the lives of patients and making a positive impact on society as a whole.

As the COVID-19 pandemic unfolded, we implemented a travel ban in March 2020 and requested that all employees who were able to work from home did so, providing them with guidance and information on how to stay as safe as possible. For those employees unable to work remotely, we implemented strict health and safety precautionary measures at all UCB sites, including thorough and more frequent cleaning and disinfection of workplaces, as well as continued adherence to social distance guidelines.

Thanks to our flexible work policy, our IT infrastructure and our employee wellbeing support programs, colleagues were able to continue working to guarantee continued supply of our medicines, whether that was from home or from our production and research centers. We continue to monitor the situation and are adapting our support for employees as needed. We also equipped our leaders to be mindful of the impact of COVID-19 on their team members and to be caring for them, listening to individual situations.

As a pharmaceutical company, we recognize the unique expertise and experience of our colleagues and their ability to play a key role in the fight against COVID-19. To that end, we also facilitated volunteering from medically trained UCB staff wishing to support their local healthcare teams.

Organization Model



Evolving our ways of working

2020 showed us that we can work under circumstances we never imagined – being more agile, collaborative, and innovative. Yet despite this, we were able to stay true to our values of transparency, respect, and integrity across the organization.

All our colleagues showed remarkable resilience and adaptiveness throughout 2020 and we implemented several wellbeing and support programs to help employees adapt to new ways of working. These included mental health resources, tools for employees managing family and homeschooling, and relief funds for those experiencing severe and unusual hardship as a result of the pandemic, as well as remote training in personal energy management and home office ergonomics guidance on how to work from home. We also offered all UCB employees time-off to volunteer in their communities and implemented a company-wide "disconnection day" to allow our people an extra day of rest from the rigors of work and avoid burnout.

Prior to the pandemic, UCB was already transforming our ways of working, but COVID-19 pushed us to think more critically and creatively about how we can better support employees, based on greater awareness of the very different realities we all face. Understanding that we'll likely be in a hybrid work model in the future, UCB is working across the globe to see how this can suit employees who all work differently, whether in the field, in the lab, in an office, or at a manufacturing site. Our new ways of working post-pandemic will not be one-size-fits-all – but we will continue to enable innovation, collaboration and co-creation, empower decision-making and authentic discussions within and across teams, and support all employees to focus on the value and impact of their work at all time.

Integrating employees' insights

In March-April 2020, we fielded our first UCB Voices full census since 2017, which garnered a 76% response rate. This confirmed a strong employee engagement and confidence in our future, despite the unfolding pandemic:

Engagement

Strong confidence

87% of respondents expressed strong levels of confidence in UCB's promising future

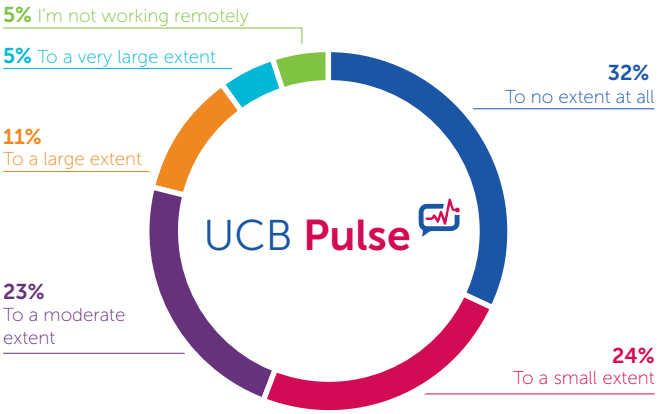
Innovation

84% of respondents agreed that UCB encourages innovation to deliver patient value

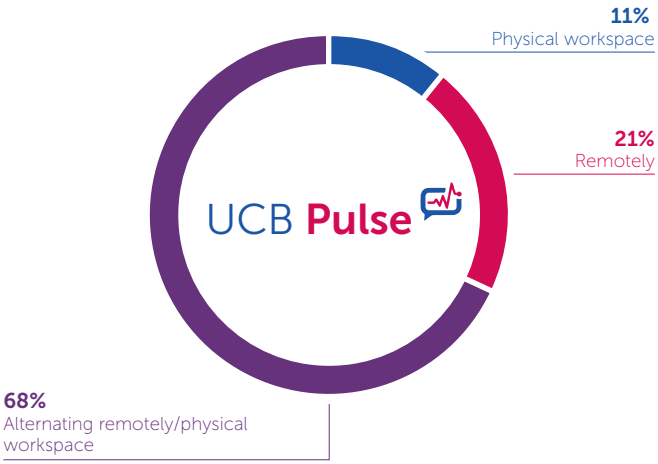
Our second survey of 2020 was specifically about the impact of COVID-19 on employees. We asked employees around the world to reflect and share their learnings and experiences from 2020, particularly in relation to how their productivity levels were impacted by remote working and the type of working environment they would benefit from in future.

Valuable insights from COVID-19 survey

To what extent has your productivity been impacted by your transition to working remotely?



Post COVID-19 the working environment that would suit me best



The majority of colleagues who answered the survey (79%) stated that they either do not feel that their productivity has been impacted by working remotely whatsoever (32%) or only to a small (24%) or moderate (23%) extent. While this is a positive finding, we are conscious of needing to further support those colleagues who do feel that remote working has impacted their productivity, either to a large (11%) or even a very large (5%) extent.

These insights, as well as our wider learnings from 2020, will guide us as we advance towards creating a welcoming working environment where all employees are able to create value for patients through their work, in whichever way best meets their individual needs.

Health, safety and wellbeing

Fostering a working environment and climate where people are happy, healthy, safe and can thrive is a key area of our sustainability approach and fundamental to ensure we can deliver on our commitment to UN SDG #3 (ensuring healthy lives and promoting wellbeing for all at all ages). We do this by creating the right conditions for colleagues to benefit from cutting-edge, impactful programs. We also aim to pay particular attention to colleagues affected by severe diseases, whether as patients or as caregivers.

Building on our experience and existing programs aimed at promoting employees' physical, mental and social wellbeing, in 2020 we built a delivery model for all health, safety and wellbeing initiatives, which allows us to be intentional about meeting the needs of all our employees in a holistic way.

In parallel and to ensure that our programs deliver concrete results, we developed a health, safety and wellbeing (HSWB) index that will provide us with an overarching view of our performance and impact. This index, which expresses the actual performance as a percentage versus target, consists of two main indicators: the safety performance indicator[1] and the health, safety and wellbeing indicator. The latter is calculated based on the results of the global health, safety and wellbeing survey and specific metrics such as the percentage of employees who have access to an employee assistance program, the percentage of employees who have access to on site sport facilities or subsidized membership, the promotion rate and the personal development plan engagement rate.

Health, safety and wellbeing

Mental wellbeing
I am able to align my thoughts, emotions and actions

Interacting with care
I embrace the uniqueness of my colleagues and create the conditions for them to thrive

Social wellbeing
I have fulfilling connections inside and outside the organization

Purpose & Growth
I am fulfilled by what I do each day and have the opportunity to continuously develop

Physical wellbeing
I am safe, in good health and energized

[1] Lost time incident rate (GRI- 403-9)

A baseline of 78.4% was established at the end of 2020 (included in 'Our performance' section of this report), acknowledging that the COVID-19 pandemic may have had an impact on some of the components of the index. This will serve as a benchmark to measure the impact of all future HSWB programs or initiatives that will be rolled out starting in 2021.

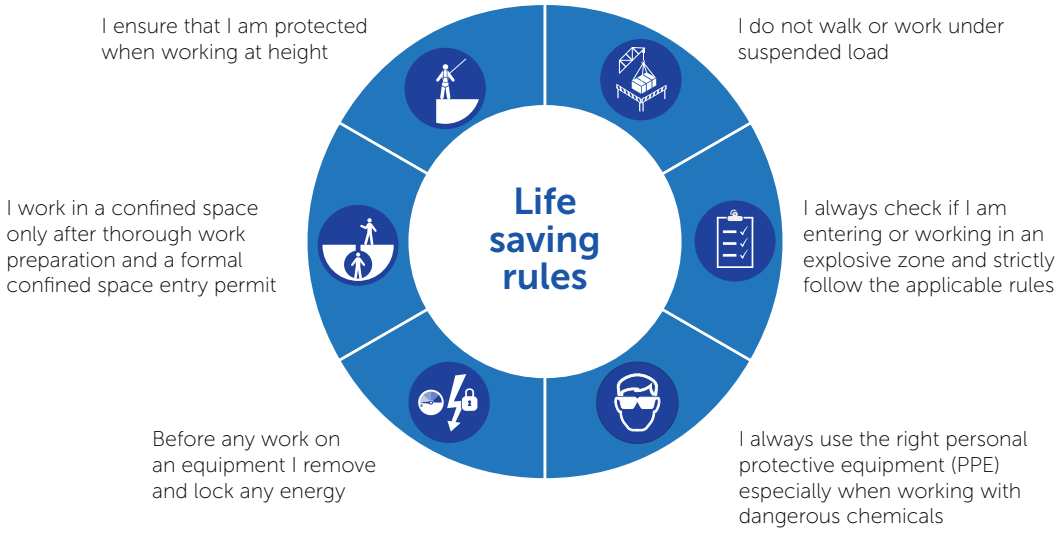
Focusing on physical safety in the workplace

In 2020, UCB continued to mature our occupational health and safety program. We continued implementing our global Safety Beyond Zero program, consisting of the three building blocks: safety fundamentals, safety management systems and safety mindset. Since our installations and high-technology equipment are now increasingly safe by design, and since health and safety management systems and procedures at 80% of our industrial sites (i.e. Bulle, Slough, Saitama, and Zhuhai) are now ISO 45001 certified, we continued focusing on growing our safety mindset and lowering the risk tolerance level.

Building upon the review and strengthening of our operational and engineering standards related to several high risk or potentially life-changing activities performed in 2019, we started (re) training colleagues involved in such activities, whether as responsible or executor, using a new training concept focused on the actual execution of the activity and on subsequent coaching.

As part of this training initiative "life-saving" rules were defined and promoted for selected activities including working at height, exposure to hazardous energies, entry to confined spaces, mechanical lifting of heavy loads, and storage and handling of chemicals.

Life saving rules



In addition, we organized "Visible Felt Safety Leadership" workshops, facilitated by an external provider, for the Supply and Technology Solutions Leadership Teams, as well as for operational managers at the site in Braine-l'Alleud (Belgium). In 2021, workshops will be organized at other industrial UCB sites.

Our next steps will include the launch of a global safe driving awareness and training program, the continued rollout of the Safety Beyond Zero Program (with a renewed focus on industrial hygiene and the prevention of musculoskeletal disorders), and the assessment of the (behavioral) safety maturity at our production plants.

Another safety-related milestone achieved in 2020 was the start of work to transform our Braine-l'Alleud Research Campus, characterised by several, simultaneous construction projects. A robust governance model was installed to coordinate activities and ensure the safety of all those working on-site, whether they are a UCB employee, contractor or visitor.

Performance-wise, the Lost Time Incident Rate, which is part of the health, safety and wellbeing index, was calculated for 2020 at 1.6 incidents with at least one day of absence per million hours worked. The Lost Time Severity Rate was calculated at 0,009 days lost per 1 000 hours worked. In 2020, UCB set as a goal to reduce life-changing accidents on its sites by 10%, down to 12 such incidents across the year. The number of life-changing accidents with lost time in 2020 was reduced to 5. The figures on Lost Time Incident Rate, Total Recordable Incident Rate and Severity Rate have been pre-assured by the third-party auditor.

In 2020 (for the seventh consecutive year), no fatalities occurred because of work-related accidents that occurred whilst working on behalf of UCB. UCB has no operations where workers show high incidence or are exposed to high risk of occupational diseases.

Please note that risks related to employee health, safety and wellbeing are reported in the Risk Management section of this report.

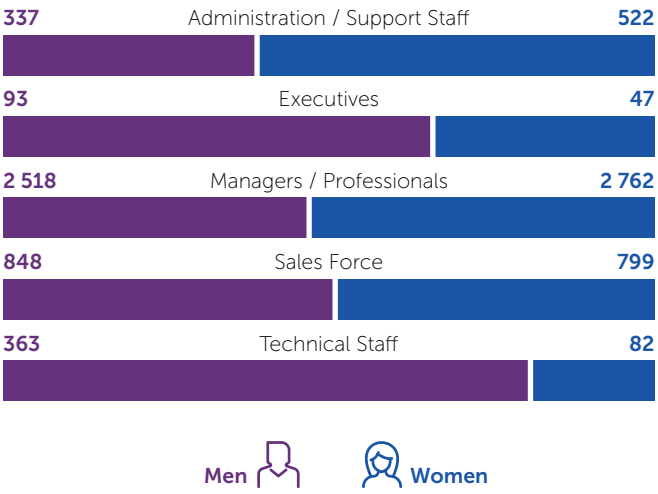
Diversity, equity and inclusion

Our commitment to diversity, equity and inclusion (DE&I) is foundational to our sustainability approach. This means inspiring a culture of inclusion by **providing equitable opportunities to all employees, embracing diverse talents and leveraging diversity of thought and experience** to create value for patients, now and into the future. At UCB, we have always defined diversity as the accumulated richness of people's unique backgrounds, lives, cultural experiences, and the **diversity** of thought that this brings to our work. **Equity** means ensuring all employees are offered fair opportunities for development, advancement, compensation and reward as per their aspirations. Last but by no means least, **inclusion** means respecting individual differences and capturing the advantages that this provides to drive greater impact and value in our work.

We seek to instill a DE&I mindset at all levels, building diverse teams and enhancing the capacity of our leaders to lead inclusively, by addressing unconscious bias, tackling micro-aggressions, inequities and stereotypes, and encouraging new inclusive behaviors. We also strive to ensure an inclusive workplace for all employees by removing barriers to advancement, ensuring equity in pay and rewards, and by building our talent pipeline by inclusive talent management. In countries with staff above 150 people, i.e., China, Germany, Japan, Mexico, Switzerland, the U.K. and the U.S., 86% of the leadership teams are from within the country (last year was 85%) and the split between women and men is 40% and 60% respectively. More information on diversity at UCB's Board and Executive committee level can be found in the Governance chapter of this report.

Please note that risks related to diversity, equity and inclusion are reported in the Risk Management section of this report.

Employee group by gender



Advancing our DE&I journey

In 2020, we rolled out several foundational DE&I initiatives. UCB's leaders have been pursuing a comprehensive learning program to help address unconscious bias and promote inclusive teams and leadership. We are also striving to ensure that DE&I is embedded into our talent acquisition strategy and processes. To this end, our International Talent Acquisition teams in the EU, the U.S. and China embarked on an Inclusive Learning Curriculum and we have set a three-year roadmap to define our DE&I approach to talent acquisition. Other key processes, including rewards processes, have been evolved to integrate DE&I specifically as a way to reduce systems inequities. In 2020, this included the development of a consistent methodology to assess pay equity.

Connecting with care

UCB's employee resource groups (ERGs) are key platforms for employee-led discussions around specific gender, age, and minority-related topics. Two new local ERGs were created in 2020 to bridge the internal gaps and barriers for employees of different ethnicities and backgrounds. In a year when the global Black Lives Matter protests drew further attention to the systemic nature of racial injustices and inequities in many countries, UCB wanted to ensure that our DE&I initiatives were delivering on their expectations and needs, particularly for under-represented employees.

UCB BEING (Black Employee Interconnecting Network Group) is one of these new ERGs, founded to support the recruitment, retention, engagement, professional development, and advancement of Black employees. By driving discussion around ideas and issues particularly relevant to the Black community, BEING is working to address social, cultural, and workplace matters that impact our organization and the biopharma industry as a whole. And while the group is intended to represent the black community at UCB, the group wants to provide an inclusive environment for all employees from every background who are encouraged to join, network and participate.

"We are focused on moving the needle forward internally in the DE&I space and are working to ensure there is equitable treatment of different ethnic and racial groups within UCB."

Trenton, Agility Enablement Lead and Founder/Chair of UCB BEING.

Last year also saw the creation of **RAIZ**, a group dedicated to supporting and uniting UCB's many Hispanic and Latinx colleagues, as well as patients. This community, which draws its name from the Spanish word for "root", is focused on the recruitment of Hispanic and Latinx people, career development and progression, and addressing the unmet needs of Hispanic and Latinx patients. Its overall aim is to ensure that all employees and patients feel represented and connected to their personal heritage as they grow in their relationship with UCB.

"It is important that, with the current events, for our employees to feel connected. As UCB evolves, so should our diversity, equality, and inclusion efforts. I have been fortunate to experience life through many cultural lenses and this group will allow others to do so as well"

Alicia, District Sales Lead and Co-Founder of UCB RAIZ.

In 2020, the **Women in Leadership** group, which aims to help all women at UCB to realize their professional goals and amplify UCB's impact on society, welcomed several new chapters this year and our **Youngsters** community has continued to encourage cross-generational networking and collaboration in welcoming new young career starters.

2020 also marked the one-year anniversary of **UCB+**, our network for LGBTQ+ employees. This group aims to create an open, inclusive and safe environment for all LGBTQ+ employees and allies at UCB, where everyone feels equal and valued regardless of their sexual orientation or gender expression. This year UCB+ members participated in a number of virtual events, including the recent virtual Georgia Diversity Council Unity Summit and a virtual happy hour for members to discuss the importance of the group, increasing engagement, and LGTBQ+ history.

Spotlight Story: Women in Science

UCB is committed to creating a workplace culture that encourages innovation among all our employees. We are particularly focused in playing our part in championing and uplifting women working in science, technology, mathematics and engineering (STEM), to create a more diverse pool of innovators, researchers and inventors – and we are proud to employ many female scientists who are working hard to advance science and create value for patients. Here are some of their stories.

Cierra,
Senior Research Scientist

Cierra knew she wanted to be a scientist from a young age, and pursued chemistry at first, before entering the pharmaceutical industry. Here she found that her work ethic and expertise was the secret to success, regardless of her gender.

Having joined UCB in 2019 to work on a protein purification team, Cierra has since contributed to multiple target project teams working to develop new small-molecule and biologic therapies.

"Being a woman has never held me back or made me afraid to take opportunities, even if no one else is going to look like me."

Yuan,
Senior Principal Scientist

While at college, where less than a quarter of her classmates were female, Yuan discovered her passion for data science and its possible applications for healthcare. She switched her major from computer science to data science and computational life sciences.

Yuan now works at UCB on analyzing data to gain biological insights and develop novel methods of application for therapies.

"I was skilled at coding, but I constantly wondered, 'What good can this bring? What can this be applied to?' I wanted to take that knowledge and apply it to other science."

Nikita,
Research Scientist II

Nikita became fascinated by biology after learning about kidneys in a high school science class. This led her to pursue university studies in molecular biology and regenerative medicine, before entering industry, where she is now a part of UCB's functional genomics team.

Despite sometimes being the only woman at the table, she refuses to let that prevent her from speaking up and realizing her ambitions.

"You can spend your whole career hoping that you will discover something that will become groundbreaking work. It can get hard, but you have to keep going because that's every scientist's dream - to change the world."

Learning and development

Cultivating a learning culture

We believe that UCB's ongoing ability to adapt and evolve is critical to enabling our company's long-term success. Learning and development should therefore be a core and daily feature of working life for all UCB colleagues.

In 2020, we launched a **global learning campaign**, aiming to cultivate a culture of ongoing learning, reflection and knowledge sharing across the entire organization. Our focus on changing mindsets and instilling the idea among all employees, regardless of seniority, department or area of expertise, that there is always more to learn, always room for self-improvement, and always a new opportunity for these learnings to help us create value for patients.

Efforts to transform UCB's learning culture are being championed from the very top of our organization, with leadership teams themselves embracing the opportunity to brush up their existing skills or learn new ones. In partnership with IMD Business School in Switzerland, we have developed several leadership programs intended to help leaders hone their strategic and leadership skills. Three cohorts have already 'graduated' from the program, with another group due to complete their training in March 2021. A specific "strategic intent" program has been developed and was launched in December 2020 for our senior leaders. This will run until May 2021.

In 2020, 98% of our employees received regular performance reviews, and 84% of our employees received regular career development reviews.

In 2020, UCB invested over €15 million in learning and development programs, content, technologies, and services to deliver on our commitment to grow talents and foster personalized development.

At UCB, we believe our business interests can and should align with wider social and environmental needs. To help us progress on this journey, we started a cycle of **webinars called #imagine** enabling employees to engage with renowned experts and reflect on key societal challenges, such as animal health and its links with human and environmental health, the societal responsibility of business, and the value of care. By offering to employees the opportunity to include new perspectives in their thinking, we can work together to reshape global systems for a better tomorrow.

Véronique, Head of Sustainability at UCB, and Professor Jean-Philippe Pierron, philosopher and professor of philosophy of life, medicine and care, Université de Bourgogne, France during the third #imagine webinar "Putting the care in healthcare" held on September 9, 2020.

The highly specialized nature of our industry makes for a competitive talent market. Attracting, developing and retaining top research and development talent is therefore crucial. To this end, in 2020 we rolled out several related initiatives within the UCB Development Solutions and Early Solutions teams:

- The Graduate Development Program in Global Clinical Development welcomes medical graduates to UCB, allowing them to build on their academic knowledge and gain hands-on experience in a rotational way. By collaborating with multiple teams over time, program participants make a concrete contribution to our company goals, while also taking the first important steps in their professional journeys within the pharmaceutical industry.
- Job rotations between different roles are open to all employees working in Development Solutions. This is currently organized in a rather informal way, with employees encouraged to consider what parts of our business they may wish to explore or which areas of expertise they would like to further develop through such a rotation.

"I had the opportunity to join the Patient Value Quality Assurance (PVQA) team for a six-month job rotation, in order to increase my knowledge on patient value processes through PVQA activities. I worked on several projects, each with its own set of challenges and learnings. This was a wonderful adventure and such a rich experience! This kind of training is so valuable!"

Maite, PV Learning Excellence Manager, Rotation in PVQA, PV Quality Compliance

- To further the professional development of Early Solutions colleagues, we launched a webinar series focused on providing insights into various aspects of UCB's drug discovery journey. The goal of the series is to help colleagues explore new areas of professional interest. Since April 2020, 44 talks have addressed topics as varied as UCB's therapeutic areas, antibody discovery and engineering, structural biology, small molecule discovery, gene therapy, data science, and aspects of development science covering safety and pharmacology.
- Recognizing individual and team contributions towards our wider company goals helps boost morale and retain top talent. To celebrate our colleagues' scientific initiatives, 2020 saw the first virtual edition of the Early Solutions Science Awards, with colleagues requested to nominate each other for recognition in nine different categories, including "Best practical lab skills", "Best publication", and "Best progress towards patient value".

Nurturing new talent

2020 also saw us launch a new employer value proposition (EVP) aimed at attracting the talent we need to continue delivering our ambitions for patients, communities and the planet as a whole. The "Make Your Mark for Patients" campaign shines a spotlight on how a career at UCB offers employees the possibility to go beyond in innovating for patients and co-creating the solutions of tomorrow, while remaining human-focused and committed to creating a culture of care both in and outside of the company. These principles have also guided our overall approach to talent acquisition and retention through 2020.

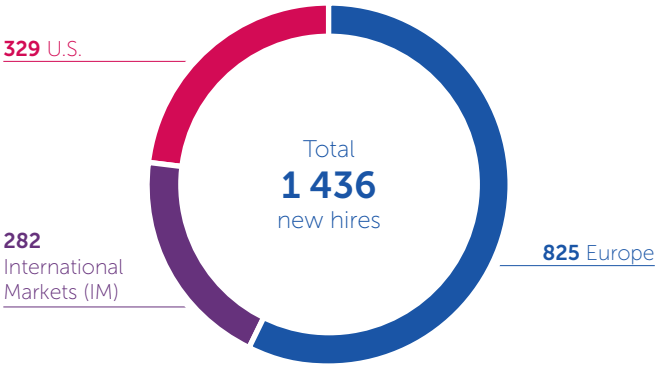
Based on the new EVP, a candidate branding campaign emphasizing UCB's commitments to science and caring was created around two messages to potential candidates: "Our Hearts Change Lives" and "Our Minds Change Lives". These launched in early 2021, with a full rebranding of the UCB Careers site.

In 2020, the recruitment teams made 1 436 hires, bringing our total number of employees to 8 371. Due to the challenges created by COVID-19, the majority of these hires were completed virtually, without meeting people face to face. All usual procedures, from interviews to onboarding, training and initial colleague interactions, were completed remotely – marking a dramatic departure from our usual approach. Virtual recruitment showed its efficacy through the process, however, with the time to hire shorter in 2020 than previous years and virtual onboarding and orientation sessions allowing for new colleagues to have a positive first start at UCB and feel welcomed into their new teams, despite the current circumstances.

Welcoming the class of 2020 – virtually

In addition to virtual on-boarding of all new hires, we also welcomed students into the very first UCB virtual internship program. UCB interns play a vital role in supporting our mission of creating value for patients by participating in company-wide projects, while deepening their understanding of the biopharmaceutical industry, developing their leadership skills, and building vital professional networks. But our 2020 intake faced the additional challenge of adapting to remote working, meeting new colleagues through a computer screen, and undergoing virtual orientation and training sessions.

New employees by region



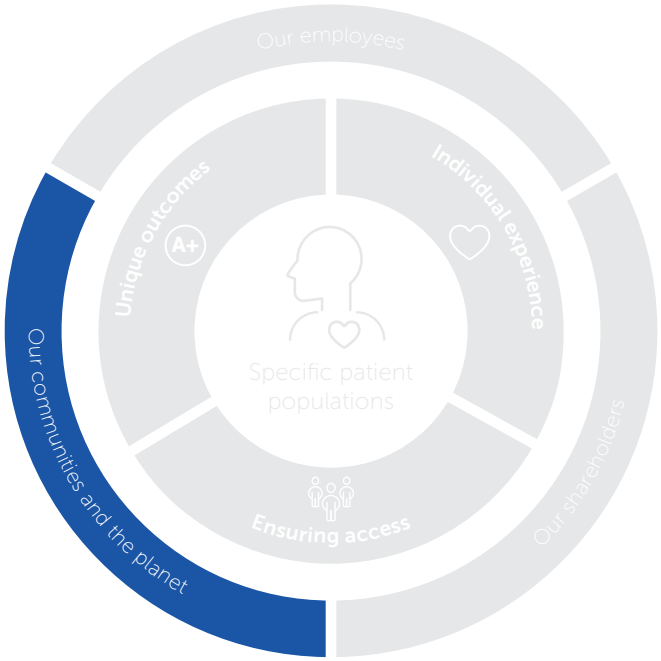
Caring for Communities

We want to make a positive impact for the local communities where we live and work, while also playing our part in improving global health.

"Better Care is about putting the patient at the center. This means making high-quality care and innovative solutions accessible to all, promoting personalized medicine, and improving patient-physician communication."

Philippe Podlubnai, Epicure hospital

At UCB, we believe that caring for the communities where we live and work is a key component of our continued business success. We are committed to creating a positive impact not just on the lives of patients with severe diseases, but also on societal health more widely, for generations to come. In this way we can truly live our purpose of creating value for patients, now and into the future.



COVID-19 placed a tremendous strain on healthcare systems and society at large. In 2020, as well as supporting patients and our employees, we stepped up to lend our expertise and resources to local communities dealing with the impact of the pandemic. We also joined forces at an international level to advance the global response to this once-in-a-lifetime health crisis.

Our efforts include boosting local testing capacity, and donating protective clothing, sanitizers and funding via local teams, and accelerating payments to our more exposed suppliers. Our manufacturing teams produced more than 20 tons of hydro-alcoholic gel for colleagues, authorities and local communities. We worked to facilitate worldwide research projects and created and launched the UCB Community Health Fund to understand and address the needs of the most vulnerable.

Local COVID-19 response initiatives

UCB made its expertise and facilities available to governments and health authorities throughout the crisis in order to help increase testing and monitoring of the virus. In Belgium, we worked closely with local authorities as part of a task force announced by Secretary of State Philippe De Backer to increase the country's testing capacity, by performing COVID-19 tests at our facility in Braine l'Alleud. In total, we performed approximately 100 000 tests from April to October 2020. In the U.K., our teams delivered equipment to the U.K. government labs to accelerate screening.

Early on in the pandemic, UCB dedicated a one-off budget of **€1.5 million** to assist communities in need with donations - financial and in-kind such as hydro-alcoholic gel, masks, protection shields and other protective material. These funds were focused on facilitating patient access to care and maximizing collaboration with the authorities to limit COVID-19 risk. By the end of 2020, the total contribution to local organizations was over €1.3 million.

A large proportion of the funding was used for the acquisition of **protective materials** for healthcare and frontline workers in a number of countries such as Australia, Canada, Mexico, Spain, Japan, the U.S. and others.

Donations were also used to fund the creation of new COVID-19 **hospital beds and field hospitals**, or to help existing hospitals adapt their facilities as needed. In Lombardy, Italy, UCB contributed to the creation of a pop-up hospital specifically equipped for the care of COVID-19 patients. In Brazil, we donated to the Santa Marcelina Hospital with similarly-focused funding, while in Mexico, we supported the partnership between the Mexican Red Cross and the National Institute of Respiratory Diseases (INER). We also provided several Spanish and U.K. hospitals with support in developing a distribution channel of medicines to limit hospital visits, and resources to support remote patient care.

We also used the funding to support government initiatives around medical research and innovation. such as the Global Health Crisis Coordination Center in the U.S., which received donations for continuing their efforts in helping public health organizations solve COVID-19 challenges. Resources were also directed to organizations who experienced a drop in donations due to the crisis and needed more resources to continue or restart their activities. In the U.S., for instance, we donated extra office supplies to science, technology, engineering, and mathematics (STEM) teachers returning to their classrooms after lockdown, as part of our ongoing efforts to support STEM education and strengthen the pipeline of future research talent.

Finally, conscious of the impact of this crisis on micro and small businesses within our communities, we offered our smaller suppliers expedited payment of their invoices where needed and we committed to shortening our payment times for new orders.

Global COVID-19 collaborations

As a member of the COVID R&D Alliance, we have been working alongside other pharmaceutical companies and academics to identify and accelerate therapeutic candidates for COVID-19 and its related symptoms. In this context, we have joined forces with fellow industry players to launch an adaptive clinical trial – the first time industry has come together in such a way. The COMMUNITY Trial (COVID-19 Multiple Agents and Modulators Unified Industry Members) is enabling an array of different therapies, including UCB's *zilucoplan*, an investigational medicine that may reduce overactivation of the immune system that contributes to acute respiratory distress syndrome (ARDS), to be studied in hospitalized COVID-19 patients. By working hand-in-hand with our peers, we hope to soon equip care teams with investigational therapies to help patients affected by COVID-19.

The scale of the COVID-19 pandemic warrants a global, collective response – and UCB has been playing its part. This has included participating in the COVID-19 Moonshot: an ambitious, crowdsourced initiative involving the biopharmaceutical industry, academia, technology companies, and individuals working together to accelerate the development of a COVID-19 antiviral. UCB was the first pharma company to join this initiative, volunteering employee time in the areas of Medicinal Chemistry, CADD (computer-aided drug design) and IT to contribute new drug design ideas, as well as prioritizing more than 13 000 crowdsourced submissions.

A key pillar of our approach has been the use of artificial intelligence (AI) to identify molecules that prevent replication in the COVID-19 virus. However, generating initial drug designs using UCB proprietary technology requires a substantial amount of computing power. We therefore reached out to Microsoft, requesting support through their AI for Health grant program.

This was granted within 24 hours, giving our teams immediate access to the Microsoft Azure cloud platform and allowing them to achieve in three days what might otherwise have taken six months.

The application of cloud computing and AI to our research efforts is already showing its results: so far more than 5 000 molecular designs have been crowdsourced, out of which more than 400 compounds have been synthesized. The first new compounds are being tested in biochemical assays and some encouraging results have emerged.

"I feel privileged to be part of a truly global team who have come together at short notice and worked so hard to get the Moonshot project off the ground. I am proud that UCB can contribute our expertise to such an important project with the potential to help so many people across our planet."

Mark, Principal Scientist, CADD (computer-aided drug design), UCB

Launch of the UCB Community Health Fund

At UCB, we believe that it is our responsibility, not just to create value for patients living with severe diseases, but also to play our part in creating healthier, stronger and more resilient communities overall. That is why we launched the UCB Community Health Fund, to address health disparities amongst vulnerable populations.

The Fund, initiated by UCB and managed by the King Baudouin Foundation, was started in July 2020 with the **initial goal of understanding and reducing the medium- and long-term impact of the COVID-19 pandemic on the physical, mental, and social wellbeing of society's most vulnerable members.** This includes racial and ethnic minorities, children, older people, the less well-off, the uninsured or under-insured, and those with medical conditions outside UCB's usual focus. Such populations often have health conditions that are exacerbated by inadequate access to healthcare resources.

Through the Fund, we aim to help local organizations and projects active in supporting these populations, while also addressing the underlying causes of such disparities and tackling issues that we cannot address through our core business. To this end, the Fund will provide grants to organizations active in two areas:

- **Support:** designing, implementing, and evaluating impact-driven projects and initiatives to improve the health of vulnerable groups.
- **Research:** pursuing social science and/or medical research outside of UCB's traditional therapeutic areas, focusing on the impact of emergencies such as the COVID-19 crisis on the health and wellbeing of vulnerable groups.

The Fund was launched with an initial €3 million donation from UCB. As of October 2020, the Fund had over €4 million available to fund projects in relevant areas. You can learn more about the specific funding and selection criteria here.

The UCB Community Health Fund closed its first call for projects end of September 2020. A total of 170 applications for support projects and 43 applications for research projects were received from several countries where UCB operates.

The management committee of the Fund (managed by the King Baudouin Foundation) appointed independent selection committees with a broad geographical representation to assist in the selection of projects and award of funding. In total 44 support projects and 6 research projects were awarded an amount of €2 440 000.

The projects selected for support address a range of challenges faced by young people, from issues such as mental health or homelessness, to specific support for subgroups such as young refugees, young people with disabilities, or youth who have experienced domestic violence, abuse or exploitation. Two of the Fund's grantees are TADA (Belgium) and Durham Public Schools (U.S.):

A second call for projects is planned in 2021.

As part of our commitment to be clear and transparent about the UCB Community Health Fund's efforts, we will be communicating regularly on the impact and reach of the Fund's philanthropy. We also recognize that local needs are likely to evolve over time and will differ from place to place, and will adapt where necessary our fundraising and funding approach to ensure maximum impact for the health and wellbeing of vulnerable people.

How to support us

If you would like to contribute to the work of the UCB Community Health Fund, online donations are currently possible for Belgium, Canada, Denmark, France, Germany, Hungary, Italy, Luxembourg, the Netherlands, Romania, Spain, Switzerland and the U.S. For other countries, and for other payment methods for all countries, please refer to the UCB Community Health Fund page. Bank transfer is also possible and advised for higher donations.

Supporting vulnerable teenagers with TADA

TADA (short for ToekomstATELIERdelAvenir) is a network that engages citizens, civil society and businesses in Brussels, Belgium, to help the city's most socially vulnerable teenagers to develop their academic, professional and personal skills.

TADA current supports more than 1 300 teenagers in Brussels, providing access to weekend workshops and hands-on sessions with professionals from a range of sectors and industries, which encourage young people to explore their own abilities and interests. TADA's end goal is to bridge educational inequality, reduce school drop-out rates among socioeconomically disadvantaged communities, and support young people into further education, training or work.

Young people from vulnerable or disadvantaged backgrounds have been particularly burdened by COVID-19. Many such teenagers lack the resources or tools to learn effectively from home during school closures, while being confined to their homes has taken a toll on their mental and psychosocial wellbeing.

The UCB Community Health Fund grant will specifically go towards supporting TADA's alumni network – 'TADA For Life'. This is aimed at maintaining connections with young people aged 14 to 20, who have completed three years of coaching with TADA and who want to become role models for future generations and for their wider communities. A dedicated Alumni Team is available to support this group, with ongoing coaching and advice, especially in regards to job applications or academic guidance.

"UCB's office in Brussels is located a stone's throw from one of our weekend schools, which really makes it a local partnership. With UCB's support, we can coach hundreds of young people and fight against learning inequalities."

TADA

Accelerating digital equity in Durham Public Schools

Accelerating digital equity is a community-wide effort in Durham, North Carolina (U.S.). The Durham Public Schools Foundation (DPSF) is an independent non-profit organization working to create an ecosystem that fosters digital equity for the city's 33 000 public school students. The goal of this program is to create an innovative, transformative environment where all students can be successful and thrive.

COVID-19 school closures have highlighted and exacerbated long-standing inequities in education and access to digital and remote instruction, especially for Black and Latinx students, English language learners, students with learning differences, and low-income students. The 'Accelerating Digital Equity' initiative seeks to make an immediate and long-term impact on the community by accelerating the shift to a new learning environment and creating conditions for every student to succeed.

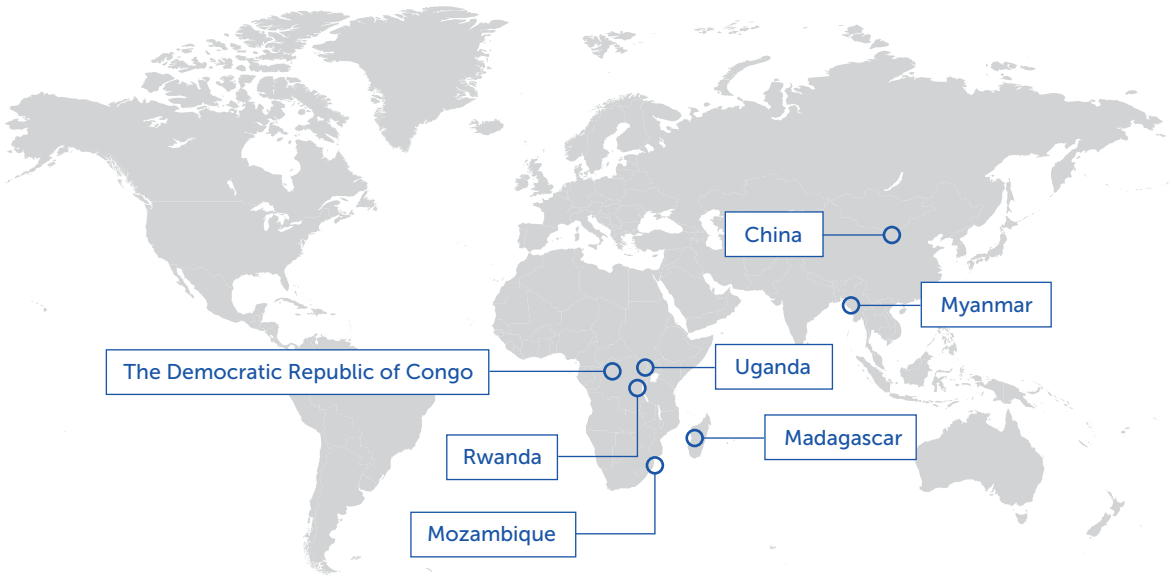
UCB Community Health Fund's support is being used across critical areas of the initiative, including the creation and maintenance of supervised, supportive academic environments for students who need a safe place for remote learning, IT support and resources, ongoing student equipment needs for devices and connectivity, and teacher training focused on digital learning and remote instruction. This will help prevent further learning loss and higher drop-out rates and is a key component for ensuring the city's equitable recovery from the COVID crisis.

"We've seen the many different ways this pan-demic has exposed and exacerbated long-existing inequities and we're so grateful for UCB's partnership in this critical moment. This community investment accelerates the shift to a new learning environment for stu-dents, families, and educators and is part of ensuring an equitable recovery for everyone in Durham."

Magan Gonzales-Smith,
Executive Director, Durham Public Schools Foundation

Improving epilepsy care in Africa and Asia

Africa and Asia



In 2020, as part of our commitment to healthier societies, we continued working towards improving access to quality care for persons living with epilepsy in low- and middle-income countries.

In many such countries, access to quality epilepsy diagnosis, treatment and care remains a complex challenge, while a lack of qualified healthcare professionals and limited disease awareness contributes to poverty, stigma and social exclusion among patients.

We have seven ongoing projects in Africa and Asia, which aim to advance inclusive epilepsy education for healthcare providers, increase community awareness programs about epilepsy as a chronic disease, improve access to diagnosis and treatment, and build capacity for the next generation of local researchers and neurologists through access to training.

Two initiatives, **Fracarita Belgium** Rwanda and **Fracarita Belgium** Democratic Republic of Congo, are supported by the UCB Societal Responsibility Fund, initiated by UCB and managed by the King Baudouin Foundation (KBF). Building on the experience gained through these ongoing projects, we have defined a future approach focused on innovation and partnership efforts for new value chain and enterprise models. We will start implementing a social business in 2021, focusing on two first pilots in India and Rwanda, and will report first progress on this new approach at UCB at the end of 2021.

China

In early 2020, the 'Rainbow Bridge – Hope and Care for Children and Families with Epilepsy' stage II program, run by Project HOPE and the Shanghai Children's Medical Center, developed a series of videos for healthcare professionals and for patients' families, addressing different topics related to epilepsy. These were pub-

lished on dedicated WeChat platforms. Scientific support was provided by the Chinese Association Against Epilepsy, China's Neurology Committee, the Chinese Pediatric Society, the Chinese Medical Association and 14 associated university hospitals. Meanwhile, UCB's partnership with the Business Development Center of the Red Cross Society of China, entered its final year. Despite the impact of COVID-19, the integrated epilepsy care model in Zigong city (Sichuan province) continued to facilitate early detection, swift referral, adequate diagnosis and treatment choices for persons living with epilepsy. To date, over 4 500 persons with epilepsy have been offered integrated epilepsy care through this model.

In addition, the evaluation of the impact of the village doctor training in Yunnan by Peking University, University of North Carolina and Stanford University was completed and findings are published in different international journals.

Democratic Republic of Congo

In 2020, UCB's partnership with Fracarita Belgium continued to support the neuropsychiatric center in Lubumbashi, although activities were online only due to COVID-19.

Two neurologists provide full-time support to epilepsy patients who visit the hospital or its mobile clinics, which allows them to diagnose and treat these individuals in an affordable and sustainable way.

In the meantime, one physician started his third Master of neurology year at the Cheikh Anta Diop University in Dakar (Senegal) and another physician started his first year.

Madagascar

2020 marked the fourth year of our partnership with Humanity and Inclusion to support the 'Anjaratsara' initiative in the Boeny and Analanjirofo districts. This year, the integration of an epilepsy management approach at different levels of the health system was completed, providing ongoing local monitoring and assistance to people living with epilepsy in the Personalized Social Accompanying program (PSA), despite disruption caused by COVID-19.

The Humanity and Inclusion country team also offered their knowledge, skills and field staff to the Madagascar Health Authorities in dealing with the epidemic, while continuing to work towards maintaining access to medication for persons with epilepsy.

Myanmar

In 2020, the Myanmar Epilepsy Initiative continued several epilepsy community awareness activities and training of healthcare providers for a third year, under the National Framework for Epilepsy Care, supported by the World Health Organization (WHO) and funded by UCB.

While neurologists were challenged by the impact of COVID-19 on vulnerable communities, the ongoing commitment of the WHO and the Myanmar Ministry of Health and Sports to scaling up efforts ensured accessible, affordable and quality care. To date, some 60 townships in five states and regions are engaged in the program, meaning that people living with epilepsy can access high-quality epilepsy care without being exposed to financial hardship.

Rwanda

Despite the constraints induced by the COVID-19 pandemic, our partnership with Fracarita Belgium progressed significantly:

- In October, two Rwandan physicians started their fourth and last Master of Neurology training year at the Cheikh Anta Diop University in Dakar, while another physician started her third year.
- A PhD-level research into epilepsy and depression as co-morbidities at Ndera Neuropsychiatric Hospital, under the supervision of the Neurology Department of Ghent University (Belgium) and the University of Rwanda, has entered in its final stage.
- At a local level, greater involvement of community health workers has helped mobilize people living with epilepsy to seek a diagnosis.

Uganda

Thanks to UCB funding, the Duke Medicine, Global Neurosurgery and Neurology (DGNN) department of Duke University (Durham, the U.S.) initiated a fourth year of neurology activities in Uganda. The overall objective of this partnership is to expand treatment capacity by training physicians and by establishing epilepsy centers of excellence in Uganda.

Spotlight on Fidele Sebara, Chief Neurologist, CARAES Neuropsychiatric Hospital, Ndera, Rwanda

Fidele Sebara is the chief neurologist at the CARAES Neuropsychiatric Hospital in Rwanda. Looking back on his fifteen-year tenure, Fidele recalls how, when he returned to Rwanda following his neurology studies, he discovered there was still a lot of work to be done in increasing awareness and understanding of epilepsy. But he also notes that things have evolved in recent years, thanks in part to the longstanding collaboration between UCB and Fracarita Belgium: "We've been able to improve the knowledge of the government about epilepsy. Authorities now understand and work well with us to better treat patients."

Fidele is particularly excited about the fact that a neurology curriculum, developed in partnership with Ghent University, will soon be available at the University of Rwanda. "This to me feels like the biggest achievement", he says. "Students are now training in Dakar with UCB grants, but soon we will be able to offer a neurology curriculum in Rwanda itself. This opens up so many more possibilities for people to enter the field of neurology and help more patients."

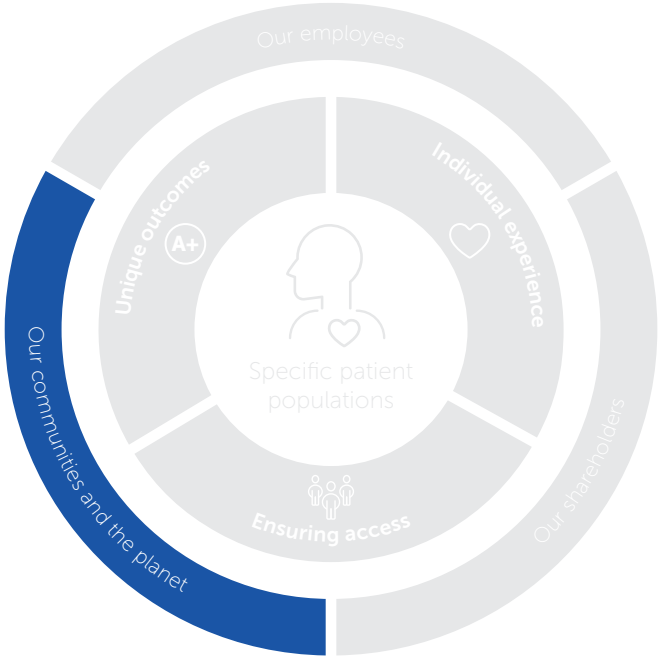
In 2020, the CARAES Neuropsychiatric Hospital, the Ruhengeri Referral Hospital as well as the Gikonko Health Center and the Butare Neuropsychiatric Hospital, treated about 3 000 patients with epilepsy, thanks to UCB support for logistics and training, as well as the donation of medicines.

Caring for the Planet

Human health and the health of our planet are deeply intertwined. We're reducing our environmental footprint across our business activities and operations, keeping in mind both current and future generations.

"Responding to the current climate and biodiversity is key to evolving towards a more inclusive society. By taking Better Care of the environment, we can ultimately help deliver better care for all people as well."

Antoine Geerinckx, CO2Logic



UCB's purpose is to create value for patients, now and into the future – and to achieve this, we take a long-term business approach with both current and future generations in mind. This means doing our utmost to minimize our impact on the environment and protect our planet's health. We deem this essential for us to achieve our wider goal of helping all patients live the lives they aspire to and working toward healthier communities in the countries where we operate. Our efforts in this area also underpin our commitment to UN SDG #3: ensuring healthy lives and promoting wellbeing for all at all ages.

Our approach considers the company's overall footprint, while also addressing the footprint of each solution we bring to the market, so as to understand and address how each asset contributes to our environmental footprint and how we can take steps to reduce this impact accordingly.

Please note that environmental-related risks are reported in the Risk Management section of this report.

"At UCB, every team is contributing, driving reduction and enhancing green awareness to foster everyone's contributions, improving our facilities, processes and supply, as well as integrating and elevating green criteria into our decision-making."

Jacques, Head of Manufacturing, Engineering and HSE, UCB

Pathway to 2030

We are committed to minimizing our environmental footprint across our business activities and operations. As such, we have set ambitious, absolute targets for reducing our local and global environmental impact by 2030:

GHG emissions

Reduce CO_2 emissions and become carbon neutralfor the operations we control directly by 2030

Have **60%** of the emissions created by our suppliers covered by SBTi-like targets by 2025.

-20%

Reduce water withdrawal by **20%** by 2030

-25%

Reduce waste production by **25%** by 2030

Progress on our Green Goals

In recent years, UCB has embarked on several local and global initiatives to embed our goals within our operations and across our value chains. In 2020, these included:

- Achieving our first BREEAM 'green building' certification (very good) for the new restaurant at our site in Braine-l'Alleud, Belgium. UCB is committed to achieving BREEAM 'Excellent' level for all its new or significantly refurbished affiliate buildings and facilities. For manufacturing buildings, we aim to at least meet the BREEAM "Very good" level (or equivalent in LEED certification framework for U.S. and Asia).
- Initiated an AIR to OCEAN program to help reduce the environmental footprint of transporting both our raw materials and finished goods.
- Receiving the European Carton Excellence Gold Award for
- our Clinical Trial Supplies (CTS) Vials Packaging platform.
- Joining the newly-created Belgian Alliance for Climate Action (BACA), aimed at promoting the use of Science Based Targets.
- Progressively switching our fossil gas supply to biogas.

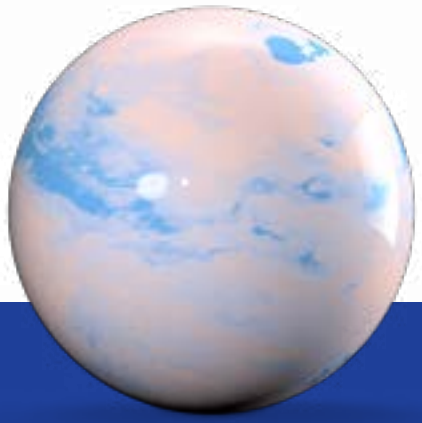
Committed to act on climate change

Belgian Alliance for Climate Action

In 2020, we significantly extended the scope of our environmental key performance indicators. The energy data and corresponding 'scope 1' CO_2 emissions data now fully include UCB's global car fleet, while 'scope 3' CO_2 emission data also include the footprint of UCB's Global Supply Chain. In addition, data is also reported for "fuel and energy related activities" and Business Air travel (scope 3)[1].

These initiatives have contributed to the ongoing progress made since we set our benchmark in 2015. Since then, we have seen a 19% reduction in energy consumption, a 30% reduction in water withdrawal, and a 38% reduction in our waste production. Our Greenhouse Gas Emissions (GHG) related to activities we control directly were reduced by 60% compared with our benchmark year (2015), considering that COVID-19 had a significant impact on the GHG emissions due to reduced car fleet and business air travel.

This places us in a strong position to continue reducing GHG emissions for operations we control directly and to achieve our ambition of becoming carbon-neutral by 2030. However, as all targets set are absolute, continued efforts will be needed in the next decade to ensure this outcome, particularly given the expected growth and critical internalization of our operations in years to come.



[1] "Fuel and energy related activities" and Business Air travel (scope 3) data were pre-assured with the aim of being fully assured in 2021.

Carbon neutral by 2030

We are committed to achieving carbon neutrality by 2030 for the operations we control directly. This will be achieved by decreasing our emissions and compensating for any we cannot reduce in the short-term. We are dedicating 80% of our efforts to reduce our GHG emissions and 20% to GHG compensation programs.

Our carbon neutrality goal encompasses:

- Our scope 1 emissions, caused by gas and fuel consumed as an energy source at UCB sites and by UCB's car fleet.
- Our scope 2 emissions, caused by electricity consumed as an energy source at UCB sites.
- Part of our scope 3 emissions, including fuel and energy-related emissions caused by activities performed at UCB sites, by the distribution and usage of UCB products, or by business travel and employee commuting.

Our strategy is to:

- Optimize energy consumption by making our operations more energy efficient.
- Reduce GHG emissions by increasing the usage of energy generated from renewable sources (on a percent basis).
- Compensate for any GHG we cannot reduce in the short-term (applying the 80/20 principle).
- Mobilize behavior change among employees through internal awareness campaigns about energy consumption and carbon emissions.

In support of our engagement towards the Science Based Targets initiative, we extended the scope of our reporting and further strengthened our commitment to cover our entire value chain by reaching out to our suppliers and contract manufacturing organizations, requesting our partners to also define ambitious climate targets. Our aim is to engage 60% of our external partners on an emission basis to set ambitious GHG reduction targets by 2025. So far, we have engaged with 300 suppliers on CO_2 reduction ambitions to embark them on our journey.

By partnering with EcoVadis and the Pharma Supply Chain Initiative (PSCI), we have so far assessed 100 suppliers on their sustainability performance, ensuring they comply with the level of expectations set out in the Suppliers Code of Conduct we developed and shared in 2020. We will continue to engage with additional stakeholders in 2021, as part of our ongoing efforts to create a more sustainable value chain overall.

Becoming more energy efficient

In 2020, we implemented various energy saving initiatives at our sites in Bulle (Switzerland) and Braine-l'Alleud (Belgium). These led to a recurrent energy saving of 20 984 Gigajoules, which is nearly 3% of UCB's scope 1 and scope 2 on-site energy usage. These achievements add to the previous reductions of our energy consumption achieved through the divestiture of the sites in Seymour (U.S.) and Shannon (Ireland) in 2015 and 2016, as well as the divestiture of our site in Monheim (Germany) in 2019.

Scope 1 CO_2 emissions due to our car fleet were reduced by 29% compared with 2019 whilst business air travel associated with scope 3 CO_2 emissions generated just 5 909 tons of CO_2 emissions, a decrease of 87% compared with 2019. This is mostly explained by the dramatic reduction in business travel due to the ongoing COVID-19 pandemic.

In addition, emissions caused by fuel and energy-related activities and to our Global Supply Chain were reduced by 46% and 13% respectively (compared to 2015 benchmark).

Using renewable energy

In recent years, UCB has focused on sourcing the electricity needed to run our sites and facilities from renewable sources such as wind, solar, hydro and biomass. The percentage of electricity we source from renewable sources globally increased to 95% in 2020, compared to 59% in our benchmark year 2015.

UCB has installed solar panels at our sites in Bulle (Switzerland), Braine-l'Alleud (Belgium), and Brussels (Belgium). These generated 3 042 Gigajoules of electricity in 2020 (0.4% of UCB's global on-site energy consumption).

We have also started to gradually replace the use of natural gas with gas generated from renewable sources, such as biomethane generated from waste. In 2020, 20% of the natural gas consumed at our manufacturing sites in Braine-l'Alleud and Bulle was replaced by biomethane, reducing CO_2 emissions by 3 959 tons.

Compensating for our emissions

While our main focus remains reducing our GHG emissions, we also need to compensate for the emissions that we cannot reduce in the short-term. To this end, UCB has partnered with CO_2 Logic and WeForest on re-forestation and environmental protection projects since 2017.

In 2020, we continued with reforestation efforts at the Virunga Park in the Democratic Republic of Congo and the Desa'a Forest in Northern Ethiopia, despite challenges created by the ongoing COVID-19 crisis and local political instability. Our ambition is to restore an area of 22 000 ha by 2030.

On top of the sequestration of CO_2, such projects also create long-term employment opportunities for local populations, helping them to improve their living conditions in the process.

EcoMakala		Desa'a Forest
Virunga Park, Democratic Republic of Congo		Northern Ethiopia
CO2logic		WeForest Making Earth Cooler
2025		**2030**
10.000 hectares		**12.000** hectares
+/- 300.000 tons of CO_2 saved		**+/- 200.000** tons of CO_2 saved
Currently being certified by the Gold Standard		Currently being certified by the Plan Vivo standard
Visit the Ecomakala program		Visit the Desa'a Forest project

Reducing our water withdrawal

We set our goal to reduce our water withdrawal by 20% by 2030, compared with a 2015 benchmark. Given that our research and development pipeline include several antibodies which involve water-intensive production processes, this is extremely ambitious. Nevertheless, our water withdrawal decreased by 30% in 2020 (compared to 2015). This was partially achieved following the strategic divestiture of manufacturing sites in Seymour (U.S.), Shannon (Ireland) and Monheim (Germany). In 2020, we also implemented water conservation initiatives, which resulted in a recurrent 12 793 m^3 of water saved.

In line with GRI standard 303, we have included details regarding the withdrawal of fresh and other water, as well as data regarding the withdrawal of water from sensitive areas. We identified areas with water stress using the Water Risk Atlas as published in the World Resource Institute's Aqueduct Database. Stress areas withheld are those with a water stress score being "High" or "Extremely High" (which include the UCB locations in Braine, Slough, Brussels (HQ), Polanco, Shanghai, São Paulo, and Moscow).

Reducing our waste generation

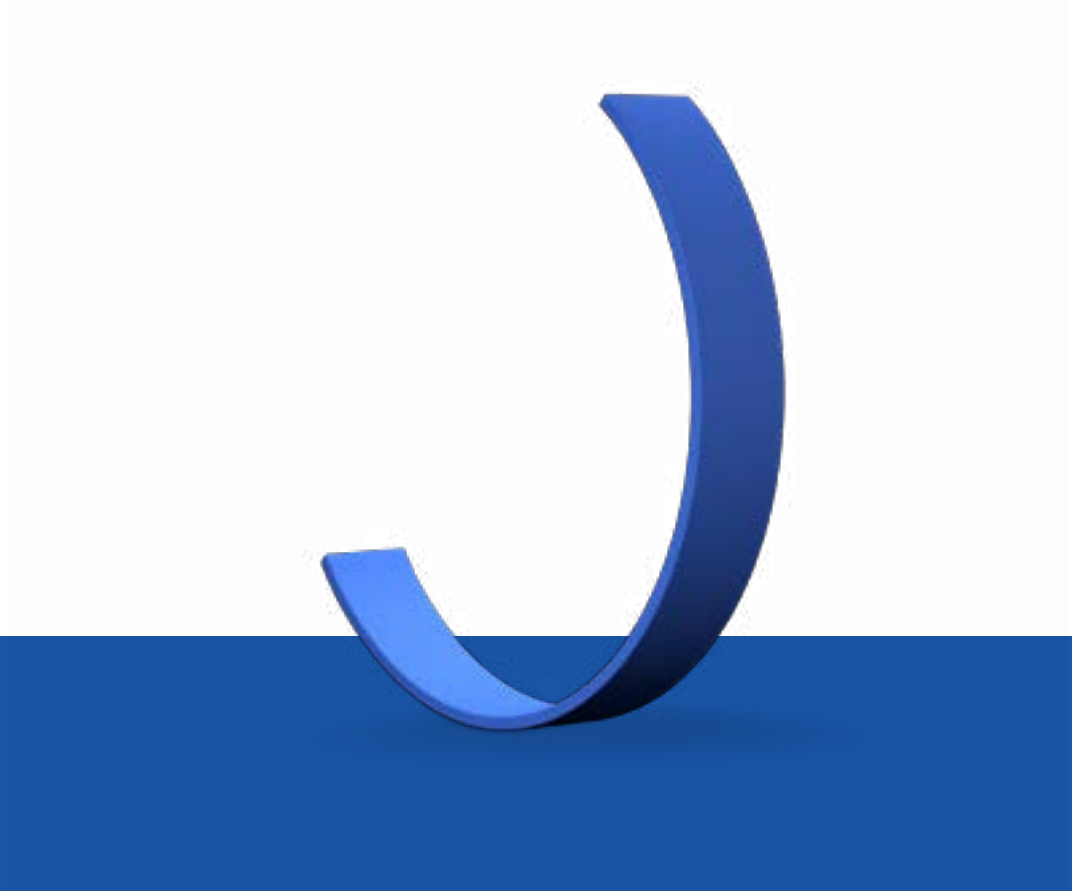
We set our target to reduce waste generation by 25% by 2030, compared with our 2015 benchmark. In 2020, we managed to recover 96% of our waste globally, predominantly through recovery of waste as a fuel to generate energy and recovery and regeneration of solvents, which is slightly higher than the recovery rate of 95% achieved in 2015.

Employee engagement

Colleagues across all UCB are contributing to achieving our green ambitions and protect health of the planet. Across our global network, UCB employees have formed multifunctional Green Teams which are groups of motivated colleagues keen to promote and advance environmental initiatives in areas including recycling and waste and water reduction initiatives. To date, eleven Green Teams have been set up at 6 different UCB sites: Brussels and Braine-l'Alleud (Belgium), Monheim (Germany), Slough (U.K.), Atlanta (U.S.) and Colombes (France).

In 2020, we celebrated World Environment Day by inviting energy transition publicist Chris Goodall to address UCB's Global Green Planet Townhall virtual meeting. He shared his insights with more than 600 UCB colleagues on how leading corporations can contribute to materializing the energy transition.

Despite the challenges created by COVID-19, additional environmental initiatives have been organized across the globe, from the Green Planet Days organized in Bulle (Switzerland), and activities coordinated by the newest Green Team in Colombes (France), to support for local tree replantation provided by our colleagues in Malvern (Australia), following the devastating Australian bush fires which struck in early 2020.



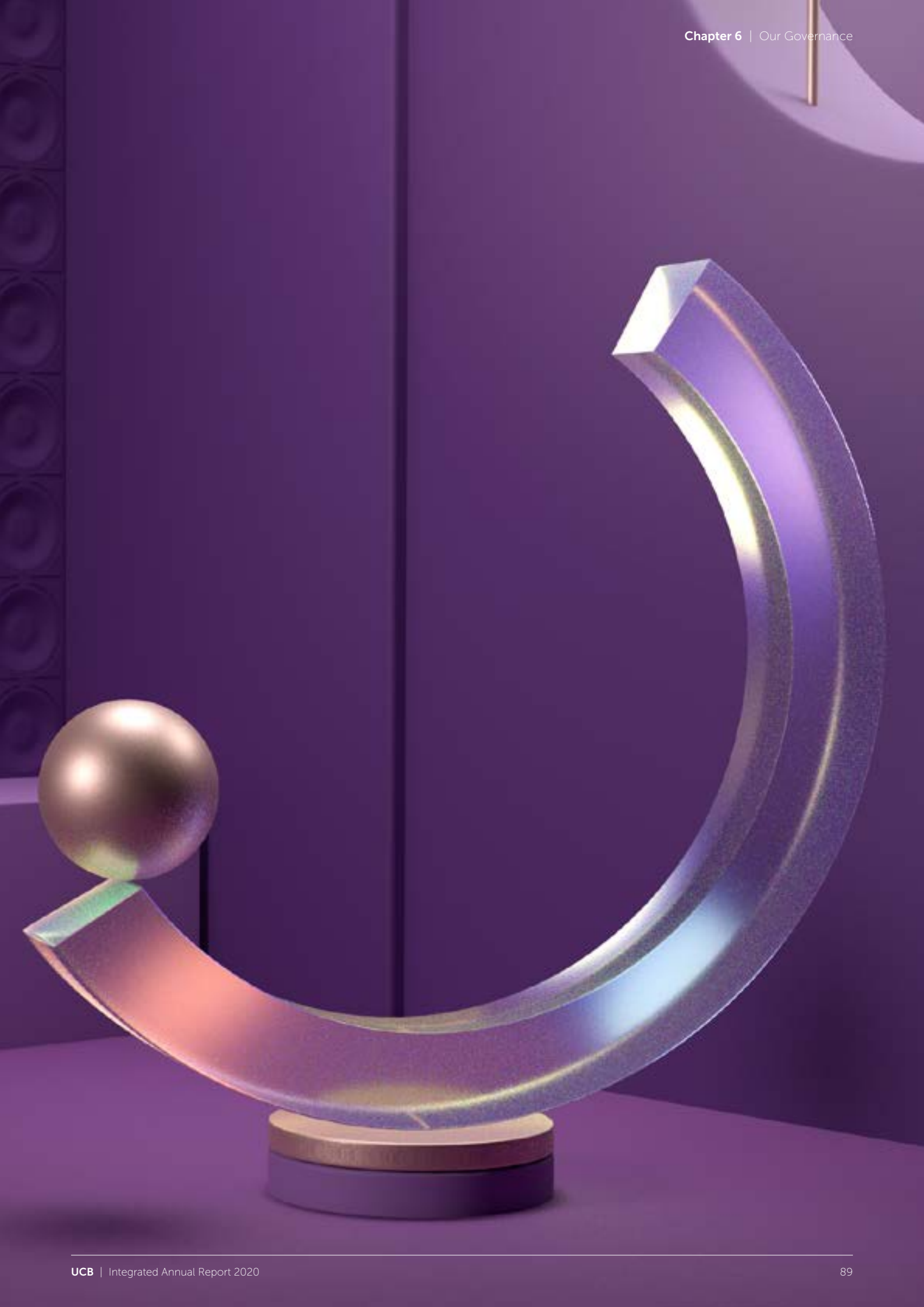
Our planetary performance

	2015 (benchmark year)	2018	2019	**2020**	Variance 2020/2015
Scope covered (% employees)	86%	90%	89%	88%	2%
Energy (MegaJoules)[1]	**1 137 502**	**1 061 723**	**1 018 240**	**916 421**	**-19%**
Electricity from renewable sources	59%	92%	94%	95%	46%
CO_2 emissions (tons)[2]	**170 172**	**132 398**	**123 315**	**68 532**	**-60%**
Scope 1 – Direct CO_2 emissions[3]	56 353	41 571	40 312	30 647	-46%
Scope 2 – Indirect CO_2 emissions (market-based)	28 108	5 818	3 655	3 167	-89%
Scope 2 – Indirect CO_2 emissions (location-based)		20 703	18 414	18 345	NA
Scope 3 – Other indirect greenhouse gas (GHG) emissions[4]	85 711	85 009	79 348	34 718	-60%
Water (m^3)	**804 360**	**799 469**	**590 867**	**559 670**	**-30%**
Waste (tons)	**9 745**	**6 970**	**6 605**	**6 014**	**-38%**
Waste recovered	95%	92%	91%	96%	1%

[1] Total energy consumption was recalculated to also include UCB's car fleet.
[2] CO_2 emissions were recalculated to also include emissions due to car fleet (assured), global supply chain (assured), energy and fuel related activities (pre-assured) and business air travel (pre-assured).
[3] Scope 1 CO_2 emissions were recalculated to also include emissions due to car fleet (assured), global supply chain (assured), energy and fuel related activities (pre-assured) and business air travel (pre-assured).
[4] Scope 3 emissions were recalculated to include global supply chain (assured), energy and fuel related activities (pre-assured) and business air travel (pre-assured).

Our Governance

Conducting business in a responsible way that drives ethical behavior is fundamental to our continued success and to delivering on commitments to our stakeholders.



As a biopharma company, we face challenging and evolving business and legal environments.

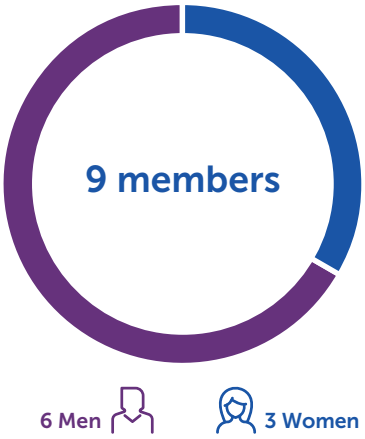
Conducting business in a responsible way is fundamental to UCB's core values and ethical business practices are foundational to our sustainability approach. We have a strong culture of integrity, with policies and procedures in place to ensure the highest ethical standards are applied throughout the company's value-chain, including the core principles governing how the organization operates, how decisions are made and how risks are mitigated.

The governance of UCB is based on a "one-tier" structure. This means that the Company is administrated by a Board of Directors and run by an Executive Committee, whose respective functions and responsibilities are clearly defined in accordance with the Articles of Association of the Company and the UCB Corporate Governance Charter (the "Charter"). The roles and responsibilities delegated to the Executive Committee are established by the Board.

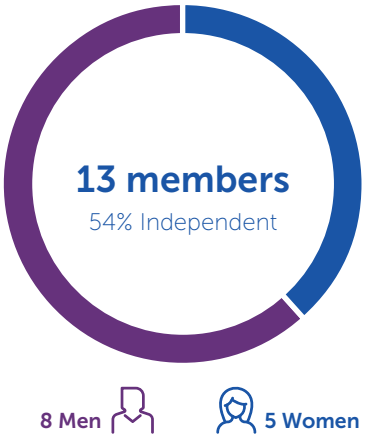
The Board of Directors is UCB's governing body.

The Board's role is to pursue sustainable value creation by setting the company's strategy and putting in place effective, entrepreneurial, responsible and ethical leadership within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board sets UCB's strategic aims, ensures that the necessary financial and human resources are in place for UCB to meet its objectives and monitors the company's performance. The Board develops an inclusive approach that balances the legitimate interests and expectations of all stakeholders and sets UCB's values and standards. It takes collegiate responsibility for sound exercise of its authority and powers. The Board ensures that the Company's culture is supportive of the realization of its strategy and that it promotes responsible and ethical behavior.

Our 2020 Executive Committee



Our 2020 Board of Directors



To learn more visit the Board of Directors and Board committees section of this report.

1. Business conduct

1.1 Responsible Business Conduct

UCB is committed to doing the right things, the right way; this means we integrate ethical thinking in our decision making process, while acting with integrity in all business dealings and putting effective systems and controls in place to safeguard adherence to all obligations relevant to our business. UCB operates in supervised and controlled environments, where UCB's values, policies and procedures are applied and embedded in the culture.

The UCB Code of Conduct is our governing policy that reflects UCB's core company values, including accountability and integrity. The Code outlines the general principles of business conduct that are expected from UCB colleagues and partners throughout the world. It is available in 14 languages and on the UCB external corporate website (www.ucb.com). Employees and contractors are required to undertake mandatory training on the UCB Code of Conduct, which is incorporated into each employee/contractor's training plan. Third parties are also expected to acknowledge and adhere to the principles of the Code of Conduct, which is included in their legal agreements with UCB where necessary. All contracts include a link to the UCB Code of Conduct and a clause of adherence to the principles of the UCB Code of Conduct, including those related to ABAC and human rights.

In 2020, a total of 8 034 UCB employees completed the Code of Conduct, generating an overall global completion rate of 95%. This included:

- 4 807 UCB employees in the EU, with a completion rate of 95%
- 1 658 employees in the U.S., with a completion rate of 99%
- 1 559 employees in international markets, with a completion rate of 92%

Competition and Anti-Trust

UCB remains committed to full compliance with all laws and regulations related to anti-competitive behavior, anti-trust or monopoly. In 2020 UCB was not involved with any legal actions or investigations under such laws.

1.2 Anti-Bribery and Anti-Corruption (ABAC)

The UCB Code of Conduct encompass, amongst others, core principles and behaviors aiming at mitigating the risks related to bribery and corruption as well as human rights infringement. Considering the nature of our business, UCB identified our engagement of the healthcare stakeholders as the primary ABAC risk area. ABAC risks are reported in Risk Management section of this report.

A dedicated ABAC training has been developed and assigned to those employees most exposed. This generated a global completion rate of 97%, including 97% for the EU, 99% for the U.S., and 96% for international markets.

Beyond the Code of Conduct, principles, processes and controls are in place, embedded in UCB Business Compliance Policy and procedures related to healthcare stakeholders' engagement. UCB continues to foster its compliance program, based on structured risk assessment. Elements of UCB compliance program include automation of controls and detection systems, continuous training and communications, monitoring and audit as well as investigation and resolution of suspected misconducts.

Our Ethics and Compliance strategy involves ensuring an open environment where our employees have the space and confidence to report a suspected compliance breach or other concerns. Employees are encouraged to report suspected non-compliance or misconduct to their manager or their primary contacts in Legal / Ethics & Compliance / Talent departments. Where this is not an option, UCB provides a confidential, toll-free reporting line (known as the Integrity Line™), which is available 24 hours a day, 365 days a year, and in 58 languages for online reporting and over 200 language options for telephone reports. Information received via this forum is treated as sensitive and investigated, on a priority basis, for appropriate corrective action. UCB also has a non-retaliation policy to protect individuals raising concerns.

In 2020, only one case related to ABAC was identified and investigated. The allegation was substantiated and investigations on this case led to disciplinary action.

As a critical component of UCB's overall internal control environment and structure, UCB Global Internal Audit provides independent, objective assurance activities designed to evaluate and improve UCB's internal control and operations, including to ensure compliance with applicable laws, rules, regulations and our Code of Conduct. The Internal Audit department periodically audits UCB's global operations for potential risks related to these areas in accordance with an established rotational schedule or on an issue basis where appropriate. They continuously monitor, enforce and follow up on any compliance-related findings.

1.3 Human rights

UCB and its colleagues are required to comply with all applicable laws and to respect human rights and act with due diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. UCB respects the human rights of workers and ensures that employees are treated with dignity and respect. UCB expects the same behavior from consultants and others acting on behalf of UCB. Respecting Human Rights is the responsibility of everyone. UCB colleagues should notify their Manager or report via Hotline/Helpline or the UCB Integrity Line™ of any adverse impacts involving the company, colleagues or contractors. Human rights risks are reported in the Risk Management section of this report.

UCB is determined to make an impact in the domain of human rights and to take the necessary steps to promote and encourage high ethical standards of working and fair treatment of human beings. We have a zero-tolerance approach to any form of human rights abuses, including modern slavery. UCB publishes its statement on Modern Slavery according to U.K. Modern Slavery Act every year.

Considering the nature of our operations, UCB monitors our relationships with third parties, since this is the area where risks related to Human Rights are most likely. These third parties include our supply chains (i.e. purchasing of goods and services) and agency workers, and particularly in countries where we operate which may be regarded as higher risk. Our Code of Conduct, a robust due diligence process and audits conducted by our Internal Audit team aim to mitigate these risks.

To date, no report of an infringement of human rights associated with UCB or its suppliers has been identified to the company.

1.4. Promoting and embracing ethical behaviors

As from 2018, UCB developed and established Guidelines for "Ethical Decision Making" ("EDM"). EDM Guidelines are a set of practical tools and behaviors that empower colleagues to (1) identify an ethical dilemma; (2) explore the impacts of their choices on stakeholders, not limiting to the immediate impact but considering the impact and perception over time and for future generations; and (3) engage colleagues in conversations to resolve ethical dilemmas. These guidelines have been rolled out amongst UCB leadership over 2018 and applied while facing ethical dilemmas in the course of 2019. Awareness in the broader UCB organization had continued and has been supported by various communications and supporting tools (videos, case discussions, etc.) in 2020. Having in mind the importance of our decisions while facing dilemmas beyond ethics and as an element of our Patient Value Strategy, the EDM tools have been evolved towards "Decision Dilemma" tools (DDT), expanding their relevance and use to support our middle and long term strategy.

UCB leaders and employees are encouraged to transparently share their dilemmas and engage to resolve these. These dilemmas are broadly shared across UCB, further demonstrating how we operate our UCB values.

UCB colleagues can submit reports of concerns or misconduct in any of the following ways: (1) directly to their supervisor or manager, (2) to Ethics & Compliance, (3) to their local Talent team, or (4) to the Legal Affairs Department, as appropriate. In addition, UCB maintains the UCB Integrity Line™ for individuals to submit reports. The UCB Integrity Line™ is comprised of a confidential secure website and toll-free telephone numbers that are managed by an independent third-party agency. The Integrity Line™ is available 24 hours a day, 365 days a year, and in 58 languages for online reporting and over 200 language options for telephone reports. UCB has procedures in place for reporting concerns and misconduct, mechanisms for capturing reports, and the handling and investigation reports.

1.5 Product responsibility

UCB takes the safety of our products seriously and has an internal process to oversee the review of safety information for medicines in development by UCB as well as for our core products. The Global Labelling Committee reviews the labeling of all UCB drugs.

This Committee ensures that the labeling:

1. meets country regulations of drugs relative to safety, efficacy and quality of drugs as well as the accuracy of the product information provided pursuant to their regulation,
2. reflects appropriately and understandably information about drugs and the safety profile for patients and physicians and
3. in the manufacturing country is identical for patients and physicians in countries to which the same drug is exported.

In addition, UCB only promotes drugs in accordance with laws, regulations, and industry codes applicable to that country. There is oversight that promotion of drugs is accurate, fair, objective, meets the highest ethical standards, and conforms to local le-

gal requirements. Claims must reflect the latest up-to-date scientific evidence warrants and must be deprived of ambiguity. Promotional, press and scientific communication relating to our compounds, products and disease are submitted to the global or local committees, with members duly trained. UCB does not sell any products that are banned in a market and all UCB products comply with drug regulatory and safety requirements.

UCB adheres to all applicable country laws, regulations and industry codes as derived from the CIOMS/WHO recommendation as derived from the WHO Ethical Criteria of Medicinal Drug Promotion as well as the Directive of the European Parliament and of the Council on the Community Code relating to medicinal products for human use, EFPIA, IFPMA and PhRMA, among others.

UCB has defined internal processes to respond to each and every unsolicited medical information request.

1.6 Patient and drug safety

All of UCB's products are subject to an ongoing benefit-risk assessment to ensure product labeling and safety information is kept up to date.

One critical obligation is the monitoring of the safety profile of our products both in development and on the market. Like other biopharma companies, every year UCB receives thousands of adverse event reports. These reports, along with other internal and external data (e.g., literature, external databases, etc.), are reviewed and analyzed by our safety teams to identify potential safety signals which may be associated with our medicines. These reviews, in the context of the proven or expected efficacy and the evolution of the alternative standard of care, ensure that the benefit-risk profile of our medicines is current, clearly communicated and that appropriate actions are taken to minimize potential risks to patients. All benefit-risk assessments are reviewed at a multi-disciplinary Benefit-Risk Board at regular intervals (i.e., at least annually, or biannually, depending on product risk tier).

The Benefit-Risk Board also notifies the Global Labelling Committee to ensure the timely implementation of required label changes. The Benefit-Risk Board is chaired by the Chief Medical Officer (member of the Executive Committee). In 2020, 100% of the products that required a review were assessed at the Benefit-Risk Board. In accordance with regulations, UCB provides information about individual adverse event reports, periodic summary reports, and benefit-risk assessments to the health authorities.

UCB requires that a Safety Reporting Obligation training is completed every two years by all people and for newcomers within two months of recruitment. The company threshold for meeting this requirement is 90% trained company overall (last measure was 95%) and 95% trained for roles with a more direct pharmacovigilance activity in their role. These expectations also apply to strategic partners. 100% compliance is not possible due to absence, sickness, and team changes with system updates. In countries where UCB is present, 24/7 access to qualified safety staff is available to answer urgent requests for support from health care workers regarding approved products.

It is UCB's responsibility to deliver reliable and safe drugs to our patients and Global Quality Processes and Governance safeguards this important goal. These processes are designed to ensure the best possible product quality, safety and therapeutic benefits for patients. The efficiency of the processes and compliance to regulations are periodically assessed and monitored through the audit program conducted by UCB's Quality Department. In 2020, there were no incidents of non-compliance regarding health and safety of products regulations and voluntary codes. In case risks are identified, appropriate preventative and corrective measures are implemented.

In 2020, UCB had no FDA recalls nor were there any global product recalls. There were also no FDA enforcement actions taken in response to current Good Manufacturing Practices (cGMP).

2. Risk management

2.1 Our approach to risk management

Within enterprise risk management at UCB, we maintain our commitment to our purpose and our patient value strategy and seek to find new ways to manage and leverage an increasingly volatile, complex and ambiguous environment.

Building on the solid foundation of UCB's risk framework and governance platform, risk management has seen exciting opportunities to increase our impact in 2020, and beyond.

Strengthening our connection to strategy and expanding our risk lens

Enterprise Risk Management is positioned into the Global Legal Affairs team which allows the members of the Enterprise Risk Management group to fully leverage the transversal nature of the legal function.

Under this structure, UCB enhanced the interfaces between strategy, enterprise risk management and business stakeholders for a more agile and value-add approach. In addition, we heighted our understanding of uncertainty both from our internal context and emerging risks arising from the external environment.

2.2 Process and framework

Engaging with key representatives from all operational, functional and strategic business areas, risks are identified and assessed by each business area and the respective leadership team. In addition, a "top-down/outside-in" assessment is conducted to complete a holistic risk profile.

To maximize the impact, top risks are connected to the strategic priorities. An understanding of both how the risk is trending and how well UCB is prepared to respond, is communicated to and discussed with both, our Executive Committee and our Board of Directors. The risks we face are evolving, thus our approach to management of these risks is dynamic, allowing for new or changed risks to be assessed and reassessed throughout the year.

Governance and oversight

UCB continues to demonstrate its commitment to managing uncertainty by creating accountability at the top and driving action by the business. Every top risk is owned by a member of the Executive Committee. That member is accountable for understanding the nature of the risk and enable our response to it.

2.3 Top risks in 2020

The effects of COVID-19 have accelerated a number of risks, and we have integrated this dimension into our risk analysis. The departure of the United Kingdom (U.K.) from the European Union (EU) – otherwise known as 'Brexit' – has also been integrated into our risk analysis, but has not been deemed to be an enterprise-level risk. As a result, despite these two developments, we have concluded that our overall risk profile remains stable.

We maintain strong connectivity to our Board of Directors/ Audit Committee and bring their feedback on risk back into the organization. The Global Internal Audit function is responsible for independently and regularly reviewing the top risks and supporting the business functions on their risk response. The risks presented are a representation of the top risks identified and managed in 2020.

TOP RISKS IDENTIFIED	UCB'S RESPONSE
Competition from biosimilars, generics and new drug classes	
Biosimilar and generic entrants and their market impact are increasing globally. In parallel, the launch of new classes of biologic-based drugs contribute to the rich complexity of the biologics market.	UCB supports increasing innovation and access to biologics by investing in superior overall value propositions in target patient populations. We have also diversified our portfolio to include gene therapy and other innovative solutions. As an innovative company we offer superior patient outcomes at a competitive cost of care, influenced by a deep understanding of patient and regulatory stakeholder needs.
Intensity of successive product launches	
UCB delivered strong pipeline results as we continue to pursue and invest in highly differentiated drugs focusing on the needs of well-defined populations. Our next wave of new solutions may come in rapid succession, creating a need for clear value messaging and launch agility.	UCB is matching its capabilities and reallocated resources and talents in an agile way to optimize launch success in a fast moving and changing environment. Leadership and capabilities will continue to evolve in line with our Patient Value Strategy with the development of innovative and adaptive capacity of all leaders and teams.
Exchange rate volatility	
UCB's revenues are subject to foreign currency exchange rate fluctuations due to the global nature of its operations. U.S. net sales accounted for 55% of total reported net sales in 2020. Manufacturing, research and development, and other operating expenses are incurred predominantly in euro, pound sterling and Swiss Franc. Consequently, UCB's results and cash flows are exposed to foreign currency volatility, predominantly to depreciation of the U.S. Dollar, and, to a lower extent, to depreciation of Japanese Yen and appreciation of Swiss Franc and Pound Sterling against the euro.	The financial risks of the UCB Group are managed centrally. Group financial risk management policies have been established to identify the net foreign currency exposures of the UCB Group, and to hedge anticipated foreign currency cash flows for a period of a minimum of six months and a maximum of 26 months. In addition, the currency composition of the group's assets and liabilities is closely monitored. For further details, refer to Note 4.

TOP RISKS IDENTIFIED	UCB'S RESPONSE
Global pricing and access challenges	
Pharmaceutical pricing continues to be under scrutiny, with global payors, both government and private, looking for means to reduce costs. Payor strategies include downward pricing pressure, rebate considerations, increase in out-of-pocket costs to patients, and access restrictions. Medicare access changes and other changes in the U.S. government posture have the potential to impede UCB's ability to provide the needed services and solutions to our patients.	UCB is actively engaging in collaboration with payor and industry associations to enable the best access for patients while promoting sustainable solutions that make a material difference across the globe. Our executive and leadership team-level committees monitor and engage with the U.S. policy ecosystem to continue to deliver on our vision of making a difference for people living with severe diseases
Cybersecurity/big data and artificial intelligence	
Our world is increasingly dependent on the evolving digital landscape to meet today's goals and to create new paradigms for the future. Cybersecurity and data privacy in all forms is of utmost importance to UCB, as breaches and disruptions can cause reputational, financial and operational damage. Artificial intelligence (AI) is changing the way we live and interact, with the experience already gained at UCB in the AI space, we are constantly reviewing how this can play a role in our patients' lives and in how we do business.	UCB has a multifaceted cybersecurity and data management strategy, along with active programs for the proper prevention, detection and response controls. This includes continuous monitoring and analytics, intrusion incident detection and response, security testing and user awareness training and campaigns. Additionally, UCB is building a Cyber Crisis program that allows us to properly handle large security incidents (e.g. data breach or malware). Two data breach attempts were notified by UCB as data controller to the Belgian Data Protection Authority, as required by Article 33 of the GDPR. However, none of the incidents involving personal data reported to the supervisory authority resulted in high risk to the rights and freedoms of the data subjects concerned. UCB has established robust processes procedures and controls to continue to comply with the GDPR legislation. In addition, we liaise with regulators to remain abreast of developments as this dynamic area continues to evolve. Ethical reviews will be an integral part of any relevant AI project at UCB.
Intellectual property	
Intellectual Property (IP) rights are essential to foster innovation in increasingly complex science and rapidly evolving patient needs. Difficulties in obtaining and defending patents which protect valuable innovation are frequent. In a politically challenging environment, public perception of IP is frequently negative and misunderstood.	UCB commits to selectively create, maintain, and defend IP when there is core innovation and real patient and societal value in doing so. We are proactively aware of the competitive landscape around our programs. UCB promotes a change in the global view on IP, innovation, and access through active public policy engagement and the promotion of risk sharing with other healthcare stakeholders. We actively defend our key patents as reflected, for example, in our cases related to Vimpat®, Briviact® and Neupro®. For further information, please visit the contingencies section of this report.

2.4 Environmental and social risks

Environmental, social and governance risks are managed alongside strategic and company risks in our Enterprise Risk Management process and governance, as described above. These risks are therefore identified and managed according to the policies and procedures of the respective business area and escalated according to the corporate risk management process. Environment, social and governance risks are not identified among the company top risks above, if they did not reach the threshold defined for the top risk. In that case, the risks are managed at the level of the business area and team.

In 2019, UCB identified priority areas and foundational topics for our sustainability approach. Our risks and mitigation strategies related to Scientific Innovation and Access to medicines are outlined above. In addition to these risks, an overview of social, environmental and governance risks is given below:

RISKS IDENTIFIED	UCB'S RESPONSE / POLICY
Social Risks and Processes	
In a highly specialized, industry with a competitive talent market, the main social and employee risk is attracting and retaining key leadership profiles. This includes the risk of not being able to provide adequate compliance training to employees, being unable to provide a healthy and safe environment (particularly in the context of COVID-19) where employee wellbeing is inadequately supported or promoted, or where workplace dangers are not managed or sufficiently outlined. These risks could result in a loss of collective capability, impacting operational efficiency and strategy implementation, leading to sub-optimal results and/or safety incidents or sub-optimal health of employees, both physical and mental	The Talent department manages the Workforce Engagement policy and the policy is continuously improved by different processes, including: • Robust annual human resources processes to optimize talent development opportunities including employee development discussions with adequate and continuous employee learning opportunities; continuous employee performance reviews, including an articulation of expected values and behaviors, • Regular review of the total reward offering to ensure balanced, competitive remuneration to drive outcomes aligned with the company strategy and to ensure the employee and their family are adequately covered during key life events, • Periodic employee engagement surveys that enable UCB and its leadership to respond to employee feedback on their employment experience, • Working practices in line with data privacy requirements (GDPR), • UCB has also rolled out various health, wellbeing and safety policies as per our sustainability commitment, including the launch of a new health, safety and wellbeing index as well as remote and flexible work policies.

Outcomes

The outcomes of the social and employee policies include:

- Reduction and mitigation of social and employee risks,
- Workforce that operates in line with defined company values, leading to a healthy company culture where employees can thrive and perform to their best ability,
- Increased employee engagement, leading to greater discretionary efforts and sustainable deployment,
- Continuous development and retention of UCB talent leading to greater organizational capabilities, accelerated innovation and competitive advantage and excellence,
- Increased understanding of the business, compliance and transparency environment, leading to increased ethical and compliant behavior and practices,
- Safe and healthy employees that can function in a positive working environment and
- Focus on delivering UCB's Patient Value Strategy, with the assurance that they, and their family, are appropriately covered in case of sickness, disability, death and retirement.

RISKS IDENTIFIED	UCB'S RESPONSE / POLICY
Environmental Risks and Processes	
UCB has identified certain risks related to the nature of our manufacturing, supply and business operations. Apart from the risk to locally cause soil or water pollution which might result from its industrial activities, UCB recognized that climate change, and more specifically the related current and future regulatory requirements and the accelerating transition to a low carbon economy might globally adversely impact UCB's compliance status and value chain, if not addressed firmly.	UCB has defined a robust environmental ambition and developed a strategy and policy to minimize our environmental footprint and impact, on the short as well as on the long term. UCB's response to the environmental risks identified include: • Setting ambitious and absolute targets for reducing our local and global environmental impact by 2030. • Assessment of environmental impact asset-by-asset, so we can fully understand and address how each asset contributes to our environmental footprint and how we can take steps to reduce this impact accordingly. • Dedicate 80% of our efforts to reduce our GHG emissions and 20% to GHG compensation programs for any emissions we cannot reduce in the short-term. • Partnership with suppliers and contract manufacturing organizations so that our partners also define ambitious climate targets. • Prioritization of renewable sources such as wind, solar, hydro and biomass for the electricity needed to run our sites and facilities. • Regular review of processes for locating opportunities for improved performance in energy saving, water conservation and recovery of waste.

Outcomes

The outcomes of the environmental policies include:

- Framing and integrating environmental decision making criteria into company decision bodies and governance.
- Internal awareness campaigns about energy consumption and carbon emissions.
- Strong position to continue reducing GHG emissions for operations we control directly and to achieve our ambition of becoming carbon-neutral by 2030.
- Assessed suppliers on their sustainability performance and engagement with suppliers on CO_2 reduction ambitions.
- Recurrent energy savings at our sites and increased percentage of electricity sourced from renewable sources.
- Progressive switch from our fossil gas supply to biogas.
- Decreased water withdrawal, even though our research and development pipeline include several antibodies which involve water-intensive production processes.
- Recovery of waste as a fuel to generate energy and recovery and regeneration of solvents.

RISKS IDENTIFIED	UCB'S RESPONSE / POLICY
Anti-Bribery & Corruption	
In line with our sustainability approach, UCB is committed to conducting business in accordance with the highest ethical standards and all forms of bribery and corruption are prohibited. This includes offering, promising, authorizing or providing anything of value (directly or indirectly) to any customer, business partner, vendor or other third party in order to induce or reward the improper performance of an activity connected with our business. This includes interactions with government officials or individuals in the private sector.	Bribery and extortion is illegal everywhere, and UCB and its colleagues will not engage in it. That includes the receipt of bribes that would or might cause a UCB colleague to violate his or her duty of loyalty to UCB. All UCB colleagues must comply with all applicable anti-bribery laws worldwide. Violations of these laws can result not only in the loss of business but also may lead to severe criminal and civil penalties for UCB and the individuals involved.

Outcomes

Outcomes of the bribery and corruption policies and the ongoing monitoring and investigations conducted by the Ethics and Compliance department have identified limited cases of issues and these have been corrected with the necessary associated disciplinary actions. No systemic or widespread issues have been identified.

RISKS IDENTIFIED	UCB'S RESPONSE / POLICY
Human Rights	
UCB is committed to conducting business in accordance with the highest ethical standards and respecting human rights in all that we do. UCB respects the human rights of workers and ensures that employees are treated with dignity and respect.	UCB and its colleagues are required to comply with all applicable laws and to respect human rights and act with due diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. UCB expects the same behavior from consultants and others acting on behalf of UCB. Respecting Human Rights is the responsibility of everyone.

Outcomes

UCB colleagues should notify their manager or report via Hotline/Helpline or the UCB Integrity Line™ of any adverse impacts involving the company, colleagues or contractors No systemic or widespread issues have been identified.

3. Corporate Governance Statement

3.1 Scope of reporting

As a Belgian company listed on Euronext Brussels, UCB SA/ NV ("UCB") is committed to the highest standards of corporate governance, and is required by Belgian law (the Belgian Code of Companies and Associations[4] or the "BCCA") to apply the 2020 Belgian Code on Corporate Governance[5] or the "2020 Code" (which both entered into force on January 1, 2020).

The 2020 Code replaces its previous editions of 2004 and 2009. Like its 2009 edition, the 2020 Code is based on the "Comply or Explain" principle. Belgian company law and the Belgian Code on Corporate Governance, both in their previous and new editions, require UCB to adopt and publish a Charter of Corporate Governance and, on an annual basis, a Corporate Governance Statement, to be included in its (Integrated) Annual Report.

The Board of Directors of UCB (the "Board") has established a Corporate Governance Charter (the "Charter") since 2005. It describes the main aspects of corporate governance at UCB, including its governance structure, the terms of reference of the Board and its committees as well as those of its Executive Committee, and the rules applicable to its shareholder meetings. The Charter is updated from time to time and annually reviewed by the Board to be in line with the applicable laws and regulations, the relevant Code on Corporate Governance, international standards and the evolution of UCB. The latest version of the UCB Charter is available on the UCB website.

As required by the BCCA and the 2020 Code, UCB also publishes every year as part of its Annual Report a Corporate Governance Statement, which includes all information required by law as well as a description of how the 2020 Code has been applied in the last reporting year and, if applicable, an explanation of any deviations to the provisions of this Code (application of the comply or explain approach). This section of the Integrated Annual Report constitutes the Corporate Governance Statement for the year 2020.

3.2 Capital and shares

3.2.1 Capital

The capital of UCB has not been modified in 2020. On December 31, 2020, it amounted to €583 516 974 and was represented by 194 505 658 shares.

3.2.2 Shares

Since March 13, 2014, the share capital of UCB is represented by 194 505 658 shares, all fully paid up ("UCB shares"). UCB shares may be in registered or dematerialized form, at the request of the shareholder, in accordance with the BCCA.

Pursuant to the Belgian Law of December 14, 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialized securities as from January 1, 2014, a mandatory sale of outstanding bearer shares by the Company in June 2015 and their complete abolishment at the end of 2015.

As of January 1, 2016, the rightful owners of unclaimed bearer shares have the right to claim the payment of the corresponding net proceeds of the mandatory sale from the Belgian Deposit and Consignment Fund ("Caisse des Dépôts et Consignations"/"Deposito- en Consignatiekas") subject to evidence of their valid title to the shares and subject to a fine of 10% of the proceeds of the sale of the underlying bearer shares per each commenced year of arrears. More details are available on UCB's website.

Registered UCB shares are recorded in the share register of UCB. All UCB shares are admitted for listing and trading on Euronext Brussels.

3.2.3 Treasury shares

In accordance with article 12 of the articles of association of UCB (the 'Articles of Association'), the Extraordinary General Meeting of April 30, 2020 decided to renew, for a period of 2 years starting on July 1, 2020 and expiring on June 30, 2022, the authorization granted to the Board of Directors to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of the Company's shares, as calculated on the date of each acquisition, for a price or an exchange value per share which will not be (i) higher than the highest price of the Company's shares on Euronext Brussels on the day of the acquisition and (ii) lower than one (1) euro, without prejudice to article 8:5 of the royal decree of April 29, 2019 implementing the Belgian Code of Companies and Associations. As a result of such acquisition(s), the Company, together with its direct or indirect subsidiaries, as well as persons acting on their own behalf but for the account of the Company or its direct or indirect subsidiaries, may not hold more than 10% of the total number of shares issued by the Company at the moment of the acquisition concerned.

[4] The law of 23 March 2019, published in the Belgian Official Gazette on 4 April 2019, introduced the Belgian Code of Companies and Associations ('BCCA') replacing the existing Belgian Companies Code and entering into force for existing companies as of 1 January 2020. UCB implemented the BCCA in its articles of association at the general meeting of April 30, 2020.
[5] The "2020 Belgian Code on Corporate Governance" is available on the website of the Belgian Corporate Governance Committee.

This authorization extends to any acquisitions of the Company's shares, directly or indirectly, by the Company's direct subsidiaries in accordance with article 7:221 of the BCCA. The authorization granted by the Extraordinary General Meeting of the Company on April 26, 2018 remained valid until June 30, 2020.

In 2020, UCB SA acquired 5 301 306 UCB shares and disposed of 1 570 764 UCB shares. On December 31, 2020, UCB SA held a total of 5 480 222 UCB shares representing 2.82% of the total number of UCB shares, and no other UCB securities.

In 2020, UCB Fipar SA, an indirect subsidiary of UCB, acquired no UCB shares and disposed of 4 101 306 UCB shares (sold to UCB SA via 2 cross transactions). On December 31, 2020 UCB Fipar SA did not hold any UCB shares or other UCB securities.

The UCB shares were acquired by UCB SA in order to cover part of UCB's obligations resulting from the employees' stock option plans, stock award plans and performance share plans. Some of these shares were thereafter transferred to other UCB affiliates during 2020 for the sole purpose of delivering them to the employees of such other affiliates. Since these shares have all been delivered to eligible employees, none of such other affiliates is still holding UCB shares on December 31, 2020. For additional details, please refer to Note 27.2 Treasury shares.

3.2.4 Authorized capital

The Extraordinary General Meeting of April 30, 2020 decided to renew the authorization to the Board (and to amend the Articles of Association accordingly), for a period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits set by the BCCA.

1. with up to 5% of the share capital calculated at the time of the decision of the Board to make use of this authorization, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders (whether or not for the benefit of one or more specific persons who are not employees of the company or of its subsidiaries);
2. with up to 10% of the share capital calculated at the time of the decision of the Board to make use of this authorization, in the event of a capital increase without cancellation or limitation of the preferential subscription rights of the existing shareholders.

In any event, the total amount by which the Board may increase the share capital by a combination of the authorizations set forth in (i) and (ii) above, is limited to 10% of the share capital at the time of the decision of the Board to make use of this authorization.

The Board is moreover expressly authorized to make use of this mandate, within the limits as set out under (i) and (ii) above, for the following operations:

1. a capital increase or the issuance of convertible bonds or warrants with cancellation or limitation of the preferential subscription rights of the existing shareholders,
2. a capital increase or the issuance of convertible bonds or subscription rights with cancellation or limitation of the preferential subscription rights of the existing shareholders for the benefit of one or more specific persons who are not employees of the company or of its subsidiaries, and
3. a capital increase by incorporation of reserves.

Any such capital increase may take any and all forms, including, but not limited to, contributions in cash or in kind, with or without share premium, with issuance of shares below, above or at par value, the incorporation of reserves and/or share premiums and/or profits carried forward, to the maximum extent permitted by the Law.

Any decision of the Board to use this authorization requires a 75% majority within the Board.

The Board is empowered, with full power of substitution, to amend the Articles of Association to reflect the capital increases resulting from the exercise of its authorization.

The BCCA does not allow the use of this authorization as of the moment the Company has been notified by the Financial Services and Markets Authority (the 'FSMA') about a public takeover bid.

3.3 Shareholders and shareholders structure

3.3.1 Reference shareholder

The main shareholder of UCB SA is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 68 076 981 UCB shares on a total number of 194 505 658 (i.e. 35.00%) as at December 31, 2020.

Based on the transparency declarations received by Tubize and, as the case may be, more recent public disclosures, the shareholder structure of Tubize per December 31, 2020 can be summarized as follows:

	Concert		Outside concert		Total	
	Voting Rights	%	Voting Rights	%	Voting Rights	%
FEJ SRL	8 525 014	19.15%	1 988 800	4.47%	10 513 814	23.62%
Daniel Janssen	5 881 677	13.21%	0	0.00%	5 881 677	13.21%
Altaï Invest SA	4 969 795	11.16%	26 468	0.06%	4 996 263	11.22%
Barnfin SA	3 903 835	8.77%	0	0.00%	3 903 835	8.77%
Jean van Rijckevorsel	11 744	0.03%	0	0.00%	11 744	0.03%
Total voting rights held by the reference shareholders	**23 292 065**	**52.33%**	**2 015 268**	**4.53%**	**25 307 333**	**56.85%**
Other shareholders	0	0.00%	19 205 265	43.15%	19 205 265	43.15%
Total voting rights	**23 292 065**	**52.33%**	**21 220 533**	**47.67%**	**44 512 598**	**100.00%**

Altaï Invest SA is controlled by Evelyn du Monceau, born Evelyn Janssen. Barnfin SA is controlled by Bridget van Rijckevorsel, born Bridget Janssen.

The shareholders of Financière de Tubize SA, belonging to the Janssen family, act in concert, i.e. they have entered into a shareholders' agreement of which the key elements are summarized as follows, based on publicly available information:

- The objective of the concert is to ensure, through Financière de Tubize SA, the stability of the shareholder structure of UCB in view of the long-term industrial development of the latter. In this perspective, it aims to preserve the predominance of the family shareholder structure of Financière de Tubize SA.
- The parties to the concert consult with each other about the decisions to be taken at the general meeting of Financière de Tubize SA, and try, to the extent possible, to reach a consensus. They ensure that they are properly represented in the Board of Directors of Financière de Tubize SA. Within this board and through their representatives at the Board of Directors of UCB, they consult with each other about the significant strategic decisions concerning UCB, and try, to the extent possible, to reach a consensus.
- The parties inform each other prior to any project of significant acquisition or sale of shares of Financière de Tubize SA. Pre-emption rights and rights of resale are also in place within the family.

In accordance with rule 8.7 of the 2020 Code, "the Board should debate whether it would be appropriate for the company to enter into a relationship agreement with the significant or controlling shareholder." The Board is of the opinion that there is currently no need for establishing a relationship agreement. The Corporate Governance Charter of UCB, the current composition of the Board and the rules of the BCCA provide a sufficiently clear frame to the Board and the Reference shareholder. In addition, the Reference Shareholder of UCB is itself a listed company and as such subject to extensive disclosure obligations.

All these notifications can be found on UCB's website.

3.3.2 Transparency notifications

During 2020, UCB received the following transparency notifications:

On January 20, 2020, UCB sent a transparency notification to the FSMA, providing an annual update on the transactions in UCB shares and assimilated financial instruments by UCB SA and its indirect subsidiary UCB Fipar SA and confirming that UCB SA's holding in UCB shares had crossed downwards the lowest threshold of 3% (together with UCB Fipar SA).

UCB received transparency notifications from BlackRock, Inc., dated January 2, January 8 and January 14, 2020, respectively. The last notification dated January 14, 2020 stated that BlackRock, Inc., including the holding of its affiliates, as of January 13, 2020, owned 9 412 691 UCB shares with voting rights, representing 4.84% of the total number of shares issued by UCB as well as 140 713 equivalent financial instruments, representing 0.07% of the total number of shares issued by UCB.

UCB received transparency notifications from FMR LLC, dated July 16 and July 28, 2020. The last notification dated July 28, 2020 stated that FMR LLC, including the holding of its affiliated, as of July 27, 2020, owned 7 060 944 UCB shares with voting rights, representing 3.63% of the total number of shares issued by UCB.

3.3.3 Relationship with and between shareholders

Please refer to note 44.4 Shareholders and shareholders structure for an overview of the relationship of UCB with shareholders.

UCB has received notifications pursuant to article 74, §7 of the Law of April 1, 2007 on public takeover bids from Tubize, Schwarz Vermögensverwaltung GmbH & Co. KG and UCB Fipar SA respectively on November 22, 2007, December 11, 2007 and December 28, 2007.

On August 25, 2020, UCB received an updated notification pursuant to article 74, §8 of the Law on public takeover bids from Tubize (available on the UCB website), in which Tubize declared that since July 31, 2019, it did not acquire any UCB shares.

3.3.4 Shareholder structure

Apart from the notifications mentioned above under 3.3.2 and 3.3.3, UCB SA also holds UCB shares (see above – own shares). The remaining UCB shares are held by the public.

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments), taking into account the shareholders' register of UCB, the transparency notifications received pursuant to the Law of May 2, 2007 on the disclosure of large shareholdings, the notification received pursuant to article 74, §8 of the Law of April 1, 2007 on public takeover bids, the notifications to the FSMA pursuant to the Law of August 2, 2002 on the supervision of the financial sector and the financial services and as the case may be, more recent public disclosures (situation as per December 31, 2020):

Notifications received pursuant to the law of May 2, 2007 on disclosure of large shareholdings

	Last update:	December 31, 2020		Situation as per
	Share capital	**€ 583 516 974**		March 13, 2014
	Total number of voting rights (= denominator)	**194 505 658**		
1	**Financière de Tubize SA ('Tubize')**			
	securities carrying voting rights (shares)	**68 076 981**	**35.00%**	January 19, 2018
2	**UCB SA/NV**			
	securities carrying voting rights (shares)	5 480 222	2.82%	December 31, 2020
	assimilated financial instruments (options)[1]	0	0.00%	March 6, 2017
	assimilated financial instruments (other)[1]	0	0.00%	December 18, 2015
	Total	**5 480 222**	**2.82%**	
	Free float[2] (securities carrying voting rights (shares))	**120 948 455**	**62.18%**	
3	**Wellington Management Group LLP**			
	securities carrying voting rights (shares)	15 575 749	8.01%	October 1, 2019
4	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	9 412 691	4.84%	January 13, 2020
5	**FMR LLC**			
	securities carrying voting rights (shares)	7.060.944	3.63%	July 27, 2020

(all percentages are calculated on the basis of the current total number of voting rights)

[1] Assimilated financial instruments within the meaning of article 6, §6 of the Law of 2 May 2007 on the disclosure of large shareholdings.
[2] Free float being the UCB shares not held by the reference shareholder (Tubize) and UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

In-line with UCB's long-term dividend policy, the Board proposes a gross dividend of € 1.27 per share (2019: € 1.24). If the dividend is approved by the Annual General Meeting on April 29, 2021, the net dividend of € 0.889 per share will be payable as of May 4, 2021 against the delivery of coupon #24.

3.3.5 General Meeting of Shareholders

In accordance with the Articles of Association, the Annual General Meeting of Shareholders (the 'General Meeting') takes place on the last Thursday of April at 11.00 AM CET. In 2021, this will be on April 29.

The rules on the agenda, the procedure for convening meetings, admittance to the meetings, the procedure on the exercise of voting rights and other details can be found in the Articles of Association and in the Charter, which are available on UCB's website.

3.4 Board of Directors and Board committees

The governance of UCB is based on a "one-tier" structure. This means that the company is administrated by a Board of Directors and run by an Executive Committee, whose respective functions and responsibilities are defined below in accordance with the Articles of Association of the Company and the Charter. The Board did not opt for a "two tier" structure based on a separate Supervisory Board and Management Board. It considers that the current system foresees an appropriate balance of powers between the Board and the management, and the composition of the Board is in line with UCB's shareholder structure. It also did not want to permanently delegate to management the powers granted to the Board by the law in its current one-tier structure, nor the general representation of UCB. The Board will review its governance structure at least once every 5 years. The last review was performed by the Board in October 2019.

3.4.1 Board of Directors

Composition of the Board and independent Directors
As of the General Meeting held on April 30, 2020, the Board of Directors was composed as follows:

Evelyn du Monceau
Chair of the Board
1950 – Belgian

UCB Board mandates
- Member since 1984
- Chair of the Board since 2017
- Vice Chair of the Board from 2006 to 2017
- Chair of the Governance, Nomination and Compensation Committee since 2006
- End of term: 2023

Experience
Over 30 years in the industrial sector, through several Board mandates and holding companies

Main external appointments
- Member of the Board of Financière de Tubize SA*
- Member of the Board of Solvay SA*
- Member of the Compensation and Nomination Committees of Solvay SA

Pierre L. Gurdjian
Vice Chair of the Board
1961 – Belgian

UCB Board mandates
- Member since 2016
- Member of the Governance, Nomination and Compensation Committee since 2016
- End of term: 2024

Experience
Senior Partner at McKinsey and Co. where he was active for nearly three decades and senior professional in the field of Philanthropy and Education

Main external appointments
- President of the Board of the Université Libre de Bruxelles
- Member of the Board of Lhoist

Jean-Christophe Tellier

Chief Executive Officer

1959 – French

UCB Board mandate

- Member since 2014
- End of term: 2022

Experience

Over 30 years in the pharmaceutical sector, with Ipsen and Novartis where he held several senior executive positions in different parts of the world

Main external appointments

- Chair of BCR (Biopharmaceutical CEOs Roundtable)
- President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Vice-Chair of the Innovation Board Sponsored Committee (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Board of WELBIO (Walloon Institute for Life Lead Sciences)

Jan Berger

Independent Director

1957 – American

UCB Board mandate

- Member since 2019
- End of term: 2023

Experience

Over 30 years as a tri-sector healthcare executive that has proven results as a senior executive in the three sectors of private, public and government services

Main external appointments

- Member of the Board of Tabula Rasa Healthcare Inc.
- Member of the Board of Voluntis S.A.*
- Member of the Board of GNS Healthcare
- Member of the Board of Cambia Health Solutions

Alice Dautry

Independent Director

1950 – French

UCB Board mandates

- Member since 2015
- Member of the Scientific Committee since 2015
- End of term: 2023 (resigned as of December 31, 2020, having reached the age limit)

Experience

Over 30 years in the scientific domain, mainly with Institut Pasteur of which she was the president (2005-2013)

Main external appointments

- Member of the Board of Trustees of Institute of Science and Technology (Austria)

Kay Davies

Independent Director

1951 – British

UCB Board mandates

- Member since 2014
- Chair of the Scientific Committee since 2014
- Member of the Governance, Nomination and Compensation Committee since 2017
- End of term: 2022

Experience

Over 20 years in scientific research at Oxford University

Main external appointments

- Director of Biotech Growth Trust*
- Director of Genome Research Ltd
- Member of the Scientific Advisory Board of Sarepta Therapeutics
- Member of the Board of Directors of Oxford Biomedica*

Albrecht De Graeve

Independent Director

1955 – Belgian

UCB Board mandates

- Member since 2010
- Member (since 2010) and Chairman (since 2015) of the Audit Committee
- End of term: 2021

Experience

Over 30 years in global operations in various industry sectors (Alcatel, VRT and Bekaert)

Main external appointments

- Chairman of the Board of Telenet Group Holding NV*
- Chairman of the Board of Sibelco NV

Roch Doliveux

Director

1956 – French

UCB Board mandate

- Member since 2017
- End of term: 2021

Experience

Over 30 years in the pharmaceuticals with 10 years as UCB's Chief Executive Officer and Chairman of the Executive Committee

Main external appointments

- Chairman of the GLG Healthcare Institute
- Chairman of the Board of the Pierre Fabre Group
- Chairman of the Caring Entrepreneurship Fund (King Baudouin Foundation)
- Member of the Board of Stryker Corporation*
- Chairman of the Board of Oxford Biomedica PLC*

Charles-Antoine Janssen

Director

1971 – Belgian

UCB Board mandates

- Member since 2012
- Member of the Audit Committee since 2015
- End of term: 2024

Experience

Over 20 years in operations, including UCB where he held several management positions, now managing private equity and impact investing activities

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Managing Partner at Kois Invest
- Co-founder, Board member, CIO and IC member of several Kois impact funds and related private companies

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Cyril Janssen

Director

1971 – Belgian

UCB Board mandate

- Member since 2015
- End of term: 2023

Experience

With over 20 years' experience as an independent advisor, Cyril has held positions in both the audiovisual and non-governmental field. A strong advocate for children's welfare, Cyril's main focus for the past 10 years has been on investing in initiatives with a strong societal impact and those aimed at making life easier for families

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Member of the Board of FEJ SRL
- Member of the Steering Committee of the Caring Entrepreneurship Fund (King Baudouin Foundation)

Viviane Monges

Independent Director

1963 – French

UCB Board mandates

- Member since 2017
- Member of the Audit Committee since 2018
- End of term: 2021

Experience

30 years in finance functions mostly in the pharmaceutical industry (Wyeth, Novartis, Galderma, Nestlé)

Main external appointments

- Member of the Board of Novo Holdings
- Member of the Board of Idorsia*
- Member of the Board of Voluntis S.A.*
- Member of the Board of DBV Technologies*

Cédric van Rijckevorsel

Director
1970 – Belgian

UCB Board mandate
- Member since 2014
- End of term: 2022

Experience
Over 20 years in the banking and financial sector, mainly with IDS Capital

Main external appointments
- Member of the Board of Financière de Tubize SA*
- Member of the Board of Barnfin SA
- Managing Director and Founder of IDS Capital (Switzerland and U.K.)

Ulf Wiinberg

Independent Director
1958 – Danish/Swedish

UCB Board mandates
- Member since 2016
- Member of the Audit Committee since 2016
- End of term: 2024

Experience
Almost 20 years of senior leadership experience in pharmaceutical companies and healthcare industry associations

Main external appointments
- Member of the Board of Alfa Laval AB*
- Member of the Board of Agenus Inc.*
- Chairman of the Board of Hansa Medical*
- CEO of X-Vax Technology, Inc

The **Secretary of the Board** is Xavier Michel, Group Secretary General. The role and responsibilities of the secretary of the Board are described in the UCB Charter.

At the General Meeting of April 30, 2020, the mandates of Charles-Antoine Janssen, Pierre Gurdjian (independent Director) and Ulf Wiinberg (independent Director) were renewed for a term of 4 years.

Alice Dautry, Kay Davies, Albrecht De Graeve, Viviane Monges, Pierre Gurdjian, Jan Berger and Ulf Wiinberg all qualify as independent Directors and meet the independence criteria as set forth by the 2020 Code and the Board.

Evelyn du Monceau, Charles-Antoine Janssen, Cyril Janssen and Cédric van Rijckevorsel are representatives of the Reference Shareholder and, as such, are not eligible to qualify as independent Director. Roch Doliveux was the CEO of UCB from 2005 until December 31, 2014. He also has a long tenure in the Board of UCB and for these reasons, he does not qualify as independent Director within the meaning of the 2020 Code.

In 2020, the Board was therefore composed of a majority of independent Directors.

The mandates of Albrecht De Graeve, Viviane Monges and Roch Doliveux will expire at the Annual General Meeting of April 29, 2021 (AGM 2021). Roch Doliveux informed the Board that, for

Mandates of Board Members in other listed companies are marked with an *

personal reasons, he will not be candidate for a further renewal of his mandate and will therefore leave the Board and UCB at the end of the term of his current mandate (i.e. the AGM 2021).

Alice Dautry reached the age limit after the AGM of 2020 and has accepted to stay with the Board of UCB until her successor could replace her, i.e. until December 31, 2020. As from January 1, 2021, Alice Dautry was replaced by Susan Gasser who has been coopted by the Board for the period from January 1, 2021 until April 29, 2021. She is also replacing Alice Dautry as a member of the Scientific Committee of the Board. The appointment of Susan Gasser was recommended to the Board by its Governance, Compensation and Nomination Committee ("GNCC"), which manages the succession planning and search in accordance with the UCB Charter. When a directorship becomes vacant in the course of the mandate, the Board has the right to fill the vacancy by cooptation in accordance with the rules of the BCCA and the Articles of Association of the Company, but the cooptation must be ratified by the next AGM. On April 29, 2021, the Board will therefore request the ratification of Susan Gasser's cooptation by the AGM for said period and will thereafter also propose to the AGM the approval of her appointment for a full mandate of 4 years, starting on the date of said AGM (April 29, 2021) until the AGM of 2025. Susan Gasser qualifies as independent Director in accordance with the independence criteria of the 2020 Code. If her appointment is confirmed by the AGM 2021, she will continue to be a member of the Scientific Committee of the Board. A curriculum vitae of Susan Gasser is available on UCB website.

Kay Davies will reach the age limit a few days before the AGM 2021. Given the resignation of Alice Dautry, the Board has decided, in accordance with rule 3.2.4 of the Charter, to make an exception to the age limit for directors to allow Kay Davies to continue her current mandate until the end of its term (i.e. the AGM of April 28, 2022) to ensure continuity in the Scientific Committee and to allow an appropriate onboarding of Susan Gasser in this Committee. Kay Davies will also continue to be a member of the GNCC until the end of her current mandate.

Since Evelyn du Monceau, current Chair of the Board, has also reached the age limit in the course of 2020, she will resign from the Board with effect immediately after the closing of the AGM 2021.

In addition to the above mentioned appointment of Susan Gasser, and upon recommendation of the GNCC (in charge of succession planning and search for the Board), the Board will propose the following appointments to the AGM of April 29, 2021:

- The appointment of Mr. Stefan Oschmann as independent Director for a mandate of 4 years (until the General Meeting of 2025). Stefan Oschmann meets all criteria to qualify as independent Director in accordance with the criteria set forth by the 2020 Code and the Board. If elected by the AGM 2021, Stefan Oschmann will become the Chair of the Board in replacement of Mrs. Evelyn du Monceau as well as a member of the GNCC.
- The appointment of Mrs. Fiona du Monceau as Director for a mandate of 4 years (until the General Meeting of 2025). If elected by the AGM 2021, she will become Vice Chair of the Board in replacement of Pierre Gurdjian, who will stay in the Board as independent Director for the remainder of his mandate. She will also become the Chair of the GNCC. Fiona du Monceau is a representative of the Reference Shareholder and does not qualify as independent Director in accordance with the criteria of the 2020 Code.
- The appointment of Mr. Jonathan Peacock as independent Director for a mandate of 4 years (until the General Meeting of 2025). Jonathan Peacock meets all criteria of the 2020 Code and the Board to qualify as independent Director. If he is elected by the AGM 2021, Jonathan Peacock will become the Chair of the Audit Committee in replacement of Albrecht De Graeve.
- The renewal of the mandate of Albrecht De Graeve as Director for a term of 4 years (until the General Meeting of 2025). Albrecht De Graeve will qualify as independent Director only for the first year of his renewed mandate of 4 years (until the General Meeting of 2022). In accordance with the rules of the 2020 Code, non-executive board members qualify as independent if their total tenure does not exceed 12 years. Albrecht De Graeve was appointed for the first time as independent Director at the General Meeting of April 29, 2010 and can therefore only qualify as independent Director for 1 additional year, until the General Meeting of 2022. If re-elected, Albrecht De Graeve will stay as independent member of the Audit Committee for one additional year (until the General Meeting of April 2022). From the General Meeting of 2022 until the end of his mandate (2025) Albrecht De Graeve will remain non-independent member of the Board and will no longer be member of the Audit Committee. In the context of the overall succession plan, the Board is of the opinion that, given his key role as Chair of the Audit Committee since 2015, it is important to keep Albrecht De Graeve as an independent member of the Board and of the Audit Committee for an additional year to ensure a smooth transition and succession in a year of critical changes in the governance of the Company: change of the Chair and Vice Chair of the Board (respectively Stefan Oschmann and Fiona du Monceau), of the Chair of the Audit Committee

(Jonathan Peacock) and of the GNCC (Fiona du Monceau) as well as a change of the external statutory auditor (the change of external auditor process started in 2018 and is conducted under the supervision of the Audit Committee - see below for further details). Ensuring continuity in the Audit Committee with the presence of Albrecht De Graeve in such a year of transition is therefore considered essential. Beyond 2022, Albrecht De Graeve will continue to bring his experience and valuable contribution to the Board as non-independent/non-executive Member.

- The renewal of the mandate of Mrs. Viviane Monges as independent member of the Board for a term of 4 years (expiring at the General Meeting of 2025). Viviane Monges meets all criteria of the 2020 Code and the Board to qualify as independent Director. If her mandate is renewed by the AGM 2021, Viviane Monges will remain independent member of the Audit Committee.

Upon confirmation of the above renewals by the General Meeting of April 29, 2021, and in accordance with the Charter, the Board will continue to be composed of a majority of independent non-executive Directors. All special Board Committees will also continue to be composed of a majority of independent Directors (Audit Committee : Jonathan Peacock (Chair & independent), Albrecht De Graeve (independent until AGM 2022), Viviane Monges (independent) and Charles-Antoine Janssen (non- independent); GNCC: Fiona du Monceau (Chair and non-independent), Stefan Oschmann (independent), Pierre Gurdjian (independent) and Kay Davies (independent); Scientific Committee: Kay Davis (Chair & independent) and Susan Gasser (independent)). Jean-Christophe Tellier is the only executive Director (CEO) in the Board.

Considering the departure of Evelyn du Monceau, Alice Dautry and Roch Doliveux, and if all above mentioned mandates are approved by the AGM 2021, the total number of Board members will increase from 13 to 14 members, which is within the maximum limit currently set forth in the UCB Charter. This increase is to ensure a smooth transition, continuity and succession planning in years of important changes in the Board composition. Out of the 14 members, 9 members will be independent (and 8, as of April 2022).

In 2020, the Board of Directors of UCB was composed of 5 women out of a total of 13 members, exceeding the minimum required by article 7:86 of the BCCA.

Following the proposed above changes in the Board composition, and if approved by the AGM 2021, the Board will be composed of 5 women out of 14 members (35%), which remains in compliance with the gender diversity requirement of Article 7:86 BCCA.8

Functioning of the Board

In 2020, the Board met six times for its regular meetings, including for its annual strategic meeting (October). Because of the COVID-19 pandemic, and except for its meeting of February 2020, all meetings were held by videoconference, which is allowed by Belgian law and the articles of association of the Company. The attendance rate of its members for its regular meetings was as follows:

Evelyn du Monceau, Chair	100%
Pierre L. Gurdjian, Vice Chair	100%
Jean-Christophe Tellier, Executive Director	100%
Jan Berger	100%
Alice Dautry	100%
Kay Davies	100%
Albrecht De Graeve	100%
Roch Doliveux	100%
Charles-Antoine Janssen	100%
Cyril Janssen	100%
Viviane Monges	100%
Cédric van Rijckevorsel	100%
Ulf Wiinberg	100%

On top of its regular meetings, the Board also met several times via shorter ad hoc videoconferences to decide on specific projects or matters (in early April to assess the impact of the COVID-19 pandemic, in May to approve the acquisition of Engage Therapeutics and in September to approve the acquisition of a new site for its operations in the U.K.).

Throughout the year, and to ensure a continuous engagement of the Board on the implementation of the strategy in the particular context of the COVID-19 pandemic as well as to prepare their strategic Board session of October, the Board had several informal sessions on specific themes or matters such as the digital transformation, the evolution of the environment in the U.S. and the launch preparedness for its late-stage pipeline. It also used the written procedure at one occasion (to decide on the conditions and exceptional format of the AGM 2020 in light of the physical meeting ban decided by the Belgian Government to fight against the COVID-19 pandemic. During the COVID-19 pandemic, the Board was also informed of the situation on a global and weekly basis (through a dedicated reporting process). During 2020, the Board's main areas of discussion, review and decisions included:

- The strategy of UCB and the overall supervision of its implementation by the Management, including ESG matters and the integration of sustainability into the overall ambition and activities of the Company, the long-term innovation strategy, and manufacturing capabilities.
- The performance of the Company and the monitoring of the impact of the COVID-19 pandemic on the performance and the overall business and activities of the Company.
- The progress on initiatives of the Company, as part of its commitments to sustainability, and its societal contribution in the context of the COVID-19 pandemic.
- The strategic M&A (including the closing of the acquisition of Ra Pharmaceuticals, the acquisition of Engage Therapeutics, the partnership with Roche in Alzheimer's disease, the acquisition of Handl in Gene therapy).
- Board succession planning.
- IT and cybersecurity.
- Digital business transformation and evolution of Go-to-Market model.
- Launch preparedness for the late-stage pipeline products.
- Resource & cash allocation and budget.
- Through its GNCC, the implementation of the Shareholders Right Directive II, the 2020 Code and the BCCA, with a focus on the Remuneration Report and Remuneration Policy.
- Enterprise Risk Management.

UCB's sustainability strategy is embedded in the overall strategy of UCB as defined by the Board, upon proposal of the Executive Committee. The Head of Sustainability directly reports to the CEO. In terms of governance, the company has established a Sustainability Governance Committee at Management level as well as an external Sustainability Advisory Board, composed of a diversity of external international experts in sustainability who can inspire, challenge and advise on the sustainability dimension of UCB's strategy and results and provide an outside in perspective. Board members have access to the meetings of External Sustainability Advisory Board. The external members of this advisory board are currently Mr. Elhadj As Sy (President Kofi Annan Foundation), Ms. Sandrine Dixson-Declève (Co-President Club of Rome), Ms. Charlotte Ersbøll (Trustee Forum for the Future), Ms Teresa Fogelberg (Former GRI deputy Chief Executive), Ms. Hannah Jones (President Nike Valiant Labs), and Mr Bright Simons (Founder and President mPedigree).

The general oversight of the IT strategy as well as cybersecurity is part of the Board's mission. Every year, the Board and its Audit Committee in particular have specific sessions dedicated to IT and cybersecurity strategies and operations. Digital transformation and strategy are also fully embedded in the overall strategy of UCB as defined by the Board, upon proposal of the Executive Committee.

There were no transactions or contractual relationships in 2020 between UCB, including its affiliated companies, and a member of the Board, giving rise to conflicts of interest, except as reported in section 3.12.

There has been no specific Board induction program this year since there was no new director appointed in 2020. As mentioned above, Management continued to engage with the Board throughout the year to answer questions or ensure proper follow up and understanding of UCB's business and environment.

Since 2014 and twice a year (June and December Board meetings), the Board also holds a special session where the executive member (the CEO) is not present.

Assessment of the Board

In accordance with its Charter (section 3.5), the Board is to conduct an (internal) assessment on a regular basis and at least every other year. The last assessment was carried out in 2019 by an external consultant and was reported in the Integrated Annual Report 2019.

Honorary directors

The Board has nominated following directors as honorary directors:

- Karel Boone, Honorary Chair
- Mark Eyskens, Honorary Chair
- Georges Jacobs de Hagen, Honorary Chair
- Daniel Janssen, Honorary Deputy Chair
- Gerhard Mayr, Honorary Chair
- Prince Lorenz of Belgium
- Alan Blinken
- Arnoud de Pret
- Peter Fellner
- Guy Keutgen
- Jean-Pierre Kinet
- Tom McKillop
- Gaëtan van de Werve
- Jean-Louis Vanherweghem
- Bridget van Rijckevorsel
- Norman J. Ornstein

The Board has also nominated Alice Dautry as Honorary Director of UCB with effect as of January 1, 2021.

3.4.2 Board committees

Audit Committee

The Board has set up an Audit Committee whose functioning and terms of reference are in accordance with the BCCA, the 2020 Code and the Charter. It is composed of a majority of independent Directors, all non-executive Directors, and is chaired by Albrecht De Graeve, also an independent Director. All members have the competencies in audit and accounting matters as required by article 7:99 of the BCCA.

	End of term of office	Independent Director	Attendance rate
Albrecht De Graeve, Chair	2021	x	100%
Charles-Antoine Janssen	2024		100%
Viviane Monges	2021	x	100%
Ulf Wiinberg	2024	x	75%

The Audit Committee met four times in 2020. Each Audit Committee meeting includes separate private sessions attended solely by the internal and external auditors respectively without management presence. As necessary, the external auditors attended all or part of each Audit Committee meeting. Because of the COVID-19 pandemic, the meetings of the Audit Committee took place by videoconference, except for the meeting of February that was in-person.

The Audit Committee meetings were also attended by Detlef Thielgen (former EVP - Chief Financial Officer & Corporate Development), Sandrine Dufour (as of July 2020) (EVP - Chief Financial Officer & Corporate Development), Doug Gingerella (Global Internal Audit) and Xavier Michel (Group Secretary General), who acts as secretary of the Audit Committee.

The meetings were also partly attended on a regular basis by Jean-Christophe Tellier (CEO), Evelyn du Monceau (Chair of the Board) and other members of the management or staff depending on the topic (accounting, tax, risk, pensions, quality, IT, etc.).

In 2020, and in accordance with its terms of reference (see the Charter available on UCB website), the Audit Committee monitored the financial reporting process (including the financial statements); internal control and risk management systems of UCB and their effectiveness; the internal audit and its effectiveness; the Audit Plan and resulting achievements; the statutory audit of the annual and consolidated accounts; the review and monitoring of Pensions schemes and liability; the independence of the external auditor including the provision of additional services to UCB, which the Audit Committee reviewed and for which it authorized the fees. The Audit Committee also focused on the mandatory rotation of the external auditor and the supervision of the procedure for the appointment of a new external auditor by the AGM 2021. It also closely monitored cybersecurity and IT controls. Risks related to the COVID-19 pandemic and the potential impact on UCB activities and financials was also part of the agenda of the Committee in 2020.

Governance, Nomination and Compensation Committee

The Board has set up a Governance, Nomination and Compensation Committee (the "GNCC"), whose composition, functioning and terms of reference are in accordance with the BCCA, the 2020 Code and the Charter. The composition of the GNCC is currently as follows:

	End of term of office	Independent Director	Attendance rate
Evelyn du Monceau, Chair	2023		100%
Kay Davies	2022	x	100%
Pierre L. Gurdjian	2024	x	100%

The GNCC met five times in 2020. The committee was attended by Jean-Christophe Tellier (CEO), except when discussing issues relating to him, and by Jean-Luc Fleurial (EVP & Chief Human Resources Officer), who has been acting as secretary of the GNCC, except when discussing issues relating to him and to the CEO compensation. Because of the COVID-19 pandemic, the meetings of the GNCC were organized by videoconference, except for the meeting of February that was in-person.

In 2020, and in accordance with its terms of reference (see the Charter available on UCB website), the GNCC reviewed and made recommendations with respect to the appointments to be submitted to Board approval (Executive management as well as senior management positions), the performance of the Executive Committee members and their remuneration. It also proposed and reviewed the succession planning and new appointments of the members of the Board, the Executive Committee and senior executives. There was a focus this year on the succession of the Chair and the Vice Chair as well as a change of the Chair of the Audit Committee. It reviewed and made relevant proposals or recommendations to the Board with respect to the future composition of the Board and of its committees, to be effective as of

approval by the General Meeting of 29 April 2021 (see above for the proposed resolution). It is to be noted that with respect to the succession of the Chair and upon recommendation of the GNCC, the Board appointed a special (enlarged) committee with the sole mission of conducting and supervising the process related to the succession of the Chair, in order to secure a process that would be more inclusive and representative of the various views within the Board. This ad-hoc committee was composed of six people including three members who were not representatives of the Reference Shareholder (Albrecht De Graeve, Roch Doliveux and Kay Davies) and three members who were representatives of the Reference shareholder (Charles-Antoine Janssen, Cyril Janssen and Evelyn du Monceau).

The GNCC had a particular attention throughout the year on the UCB response to the COVID-19 pandemic, including UCB's contribution to society, communities, patients, and employees.

The GNCC also focused on the implementation of the Shareholders Right Directive II, the new BCCA and the 2020 Code, especially in relation to remuneration related matters (remuneration policy and Remuneration report).

It reviewed and submitted to Board approval the remuneration policy, the long-term incentives to be granted to the management (including the CEO) and the performance criteria to which these grants were linked.

The GNCC has also been closely following up on corporate governance matters.

A majority of the members of the GNCC is independent and meets the independence criteria stipulated by the 2020 Code and the Board. All members have the competencies and the expertise in matters of remuneration policies as required by article 7:100, §2 BCCA.

Scientific Committee

The Scientific Committee assists the Board in its review of the quality of UCB's R&D science and its competitive standing. The Scientific Committee is composed of members who have scientific and medical expertise and who are currently (and will continue to be) all independent.

They meet regularly with Dhaval Patel, EVP & Chief Scientific Officer. The members of the Scientific Committee are also closely involved in the activities of UCB's Scientific Advisory Board (SAB) composed of external leading scientific medical experts (usually 3 meetings per year). The SAB, composed of ad hoc experts, will provide scientific appraisal and strategic input as to the best way for UCB to become a more robust and thriving biopharmaceutical leader and to advise the Executive Committee on the strategic choices related to early-stage R&D. The Scientific Committee's main task is to report to the Board on the SAB's appraisal of UCB's research activities and strategic orientations.

In the course of 2020, SAB meetings continued in the virtual mode due to the COVID-19 pandemic and the key opinion leaders remained very engaged in the discussions and reviews. The members of the Scientific Committee participated in a full "in-person" portfolio overview meeting that was held in January 2020. Throughout the year, the members of the Scientific Committee continued to meet regularly with Dhaval Patel, UCB's Chief Science Officer, to maintain a continuous engagement and dialogue on the science and early pipeline. There has been also a close look and focus on the strategy in Gene Therapy.

	End of term of office	Independent Director	Attendance rate
Kay Davies, Chair	2022	x	100%
Alice Dautry*	2023	x	100%

*resigned per December 31, 2020

3.5 Executive Committee

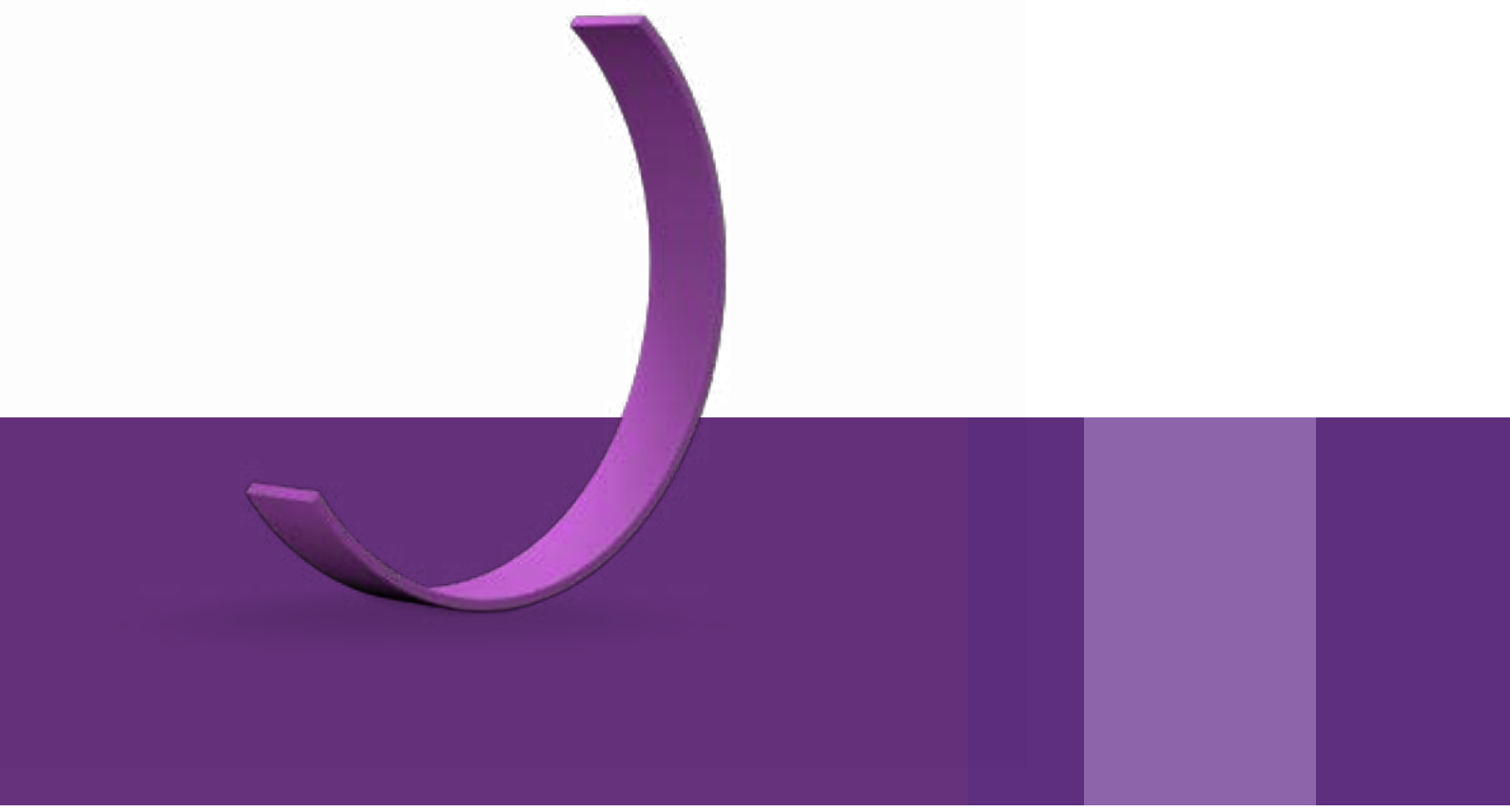
Composition of the Executive Committee

As announced in July 2019, UCB evolved its organization and ways of working to ensure more agility and transversal collaboration across the organization. This evolution is reflected in the composition of the UCB Executive Committee which became smaller in 2020, with more transversal roles across businesses and regions, and with more focus on the company's core activity areas.

After Jeff Wren and Bharat Tewarie stepped down from the Executive Committee in Q4 2019, Alexander Moscho and Pascale Richetta stepped down in January 2020. The former CFO of the company, Detlef Thielgen, stepped down from the Executive Committee at the end of April 2020. He was replaced as of July 1, 2020 by Sandrine Dufour. During the interim period (from end April until July 1, 2020) the CFO function was exercised ad interim by Jean-Christophe Tellier, CEO.

Since July 1, 2020, the Executive Committee is composed as follows:

- Jean-Christophe Tellier: Chief Executive Officer & Chair of the Executive Committee
- Dhaval Patel: Executive Vice President - Chief Scientific Officer
- Iris Löw-Friedrich: Executive Vice President - Chief Medical Officer
- Charl van Zyl: Executive Vice President - Neurology Solutions & Head of EU/International
- Emmanuel Caeymaex: Executive Vice President - Immunology Solutions & Head of US
- Kirsten Lund-Jurgensen: Executive Vice President - Supply & Technology Solutions
- Jean-Luc Fleurial: Executive Vice President - Chief Human Resources Officer
- Sandrine Dufour: Executive Vice President - Chief Financial Officer
- Bill Silbey: Executive Vice President - General Counsel



Jean-Christophe Tellier

Chief Executive Officer
1959 – French

Joined UCB in 2011
- Appointed in 2011
- Appointed CEO in 2015

Main external appointments
- Chair of BCR (Biopharmaceutical CEOs Roundtable)
- President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Vice-Chair of the Innovation Board Sponsored Committee (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)
- Member of the Board of WELBIO (Walloon Institute for Life Lead Sciences)

Experience
Over 30 years in the pharmaceutical sector, with Ipsen and Novartis where he held several senior executive positions in different parts of the world

Dhaval Patel

Executive Vice President & Chief Scientific Officer
1961 – American

Joined UCB in 2017
- Appointed in 2017

Main external appointments
- Member of the Board of Anokion
- Member of the Board of Priothera
- Member of the Board of Quell Therapeutics
- Clinical Professor of Medicine at University of North Carolina

Experience
Over 30 years of experience in R&D and immunology, more specifically with Novartis and in the academic world at Duke University Medical Center and the University of North Carolina

Iris Löw-Friedrich

Executive Vice President & Chief Medical Officer
1960 – German

Joined UCB in 2006
- Appointed in 2008

Main external appointments
- Member of the Supervisory Board of Evotec AG
- Member of the Supervisory Board of Fresenius SE & Co. KGaA
- Member of the Board of TransCelerate
- Member of the Board of PhRMA Foundation
- Member of the Board of MAPS (Medical Affairs Professional Society)

Experience
Physician, board-certified in internal medicine, with more than 20 years of experience in the development of medicines, with senior executive positions at Hoechst, Aventis, BASF Pharma/Knoll, Abbott and Schwarz Pharma

Joined UCB in 2017
- Appointed in 2017

No external appointments

Experience
Almost 20 years of experience across the healthcare value chain, including business development and licensing, manufacturing, marketing and sales and research & clinical development

Charl van Zyl
Executive Vice President Neurology Solutions & Head of EU/International
1967 – British/South African

Joined UCB in 1994
- Appointed in 2015

Main external appointments
- Member of the Board of BIO (Biotechnology Innovation Organization)

Experience
25 years of broad experience in biopharmaceuticals commercialization, development and general management, across the world

Emmanuel Caeymaex
Executive Vice President Immunology Solutions & Head of U.S.
1969 – Belgian

Joined UCB in 2019
- Appointed in 2019

No external appointments

Experience
Pharmacist, with more than 33 years of experience in manufacturing and supply of pharmaceuticals, with senior executive positions at SmithKline Beecham and Pfizer in Germany, Australia, and the U.S.

Kirsten Lund-Jurgensen
Executive Vice President, Supply & Technology Solutions
1959 – German

Jean-Luc Fleurial

Executive Vice President & Chief Human Resources Officer

1965 – French

Joined UCB in 2017

- Appointed in 2017

No external appointments

Experience

Over 20 years of experience in building and implementing talent strategy across geographies and businesses, mainly with Procter&Gamble and Bristol Myers Squibb

Sandrine Dufour

Executive Vice President & Chief Financial Officer

1966 – French

Joined UCB in July 2020

- Appointed in July 2020

External appointments

- Member of the Board of WPP

Experience

Over 25 years of experience in finance, M&A, strategy, digital transformation in telecom and media industries with senior executive positions at Vivendi, SFR and Proximus

Bill Silbey

Executive Vice President & General Counsel

1959 – American

Joined UCB in 2011

- Appointed in 2019

No external appointments

Experience

Over 35 years of experience in biopharmaceuticals legal affairs, mergers and acquisitions, business development and venture capital activities but also as partner in various U.S. Law Firms

Xavier Michel, Group Secretary General, acts as the secretary of the Executive Committee, ensuring the link between the Board of Directors, the Executive Committee and the broader organization.

Functioning of the Executive Committee

The Executive Committee met on a regular basis with an average of 1 to 2 days a month in 2020.

There were no transactions or contractual relationships in 2020 between UCB, including its affiliates, and a member of the Executive Committee.

The functioning, competences and authority of the Executive Committee are further described in the Charter.

Honorary chairmen of the Executive Committee

The following persons have been nominated as honorary chairman of the Executive Committee:

- Roch Doliveux
- Georges Jacobs de Hagen
- Daniel Janssen

3.6 Diversity at Board and Executive Committee level

This section includes the information required pursuant to articles 3:32, §2 and 3:6, §2, 6° of the BCCA.

Diversity at Board and Executive Committee Level is part of the overall Diversity, Equity and Inclusion ambition of UCB, as described in the Diversity, equity and inclusion section of this report and to which it is expressly referred.

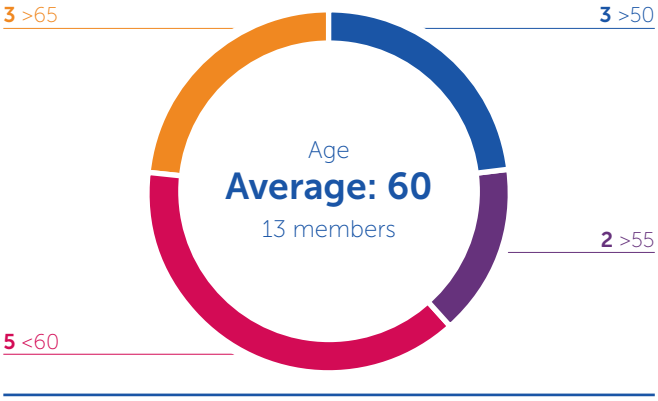
Diversity at the Board level

For the Board of Directors, all legal requirements in Belgium have been followed and have been integrated into the Board recruitment and nomination process. When replacements or appointments for the Board are considered, UCB systematically takes into account how it will enhance gender diversity of the Board.

The Board is currently made up of 13 members of which 5 women and 8 men, with 5 nationalities represented (see also above). The chair of the Board in 2020 was also a woman.

Following the General Meeting held on April 30, 2020, the diversity characteristics for the Board can be visualized as follows:

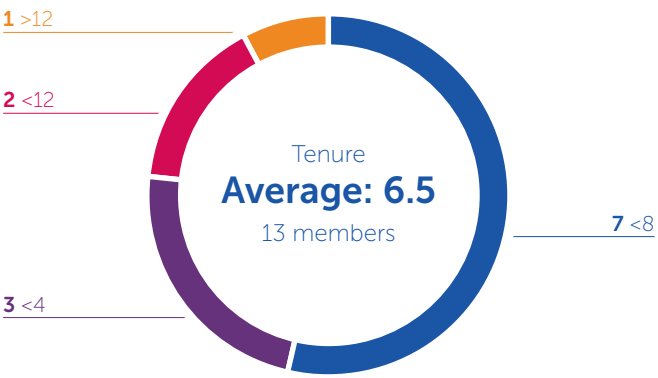
Age



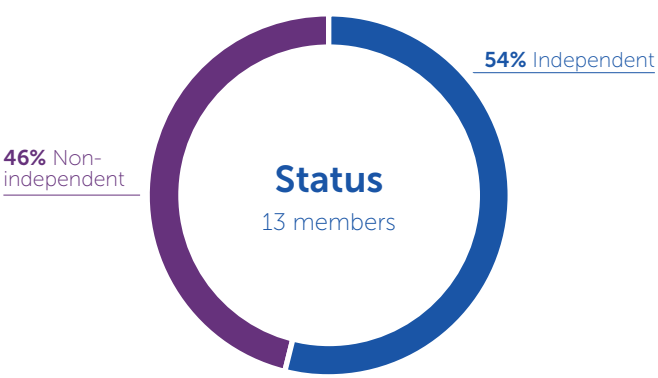
Nationality

Gender

Tenure



Status



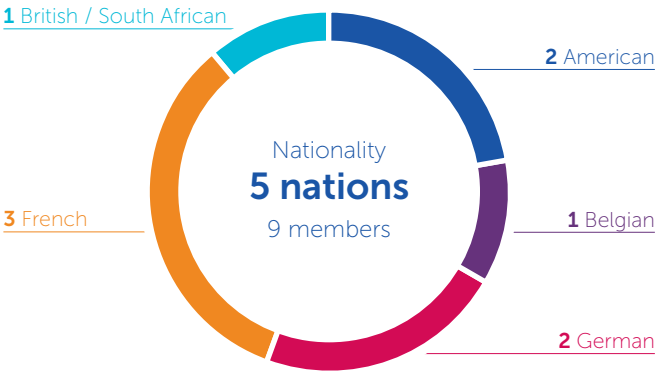
Diversity at the Executive Committee level

For our Executive Committee roles, we do monitor the talent pipeline from a diversity perspective, ensuring a robust and diverse succession plan is in place, and any recommendations for future composition are made firmly on this basis. Generally and in relation to succession planning for UCB leaders in relation to diversity, focus is on simulating gender balance scenarios and ensuring a well-rounded senior leadership pipeline that has been exposed to diverse professional and cultural experiences. The Executive Committee members have also embarked with other leaders on a multi-step program to address unconscious bias and develop inclusive teams and leadership. Generally, key HR process (including in recruitment and reward) have been reviewed to ensure DE&I principles are embedded in the process and systems.

Today, UCB's executives come from a diverse education and multi-disciplinary professional backgrounds. As of July 2020, the committee was made up of 9 members of which 3 women and 6 men with 5 nationalities represented.

At the end of 2020, the diversity characteristics for the Executive Committee can be visualized as follows:

Nationality



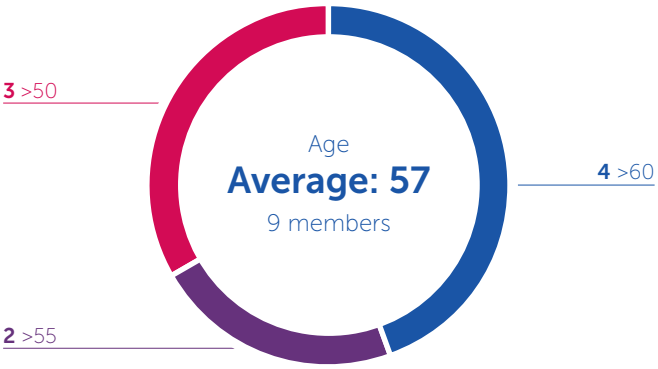
Gender

The size of the Executive Committee is designed to focus on the company's core activity areas with agility, allowing UCB to further evolve its patient value strategy.

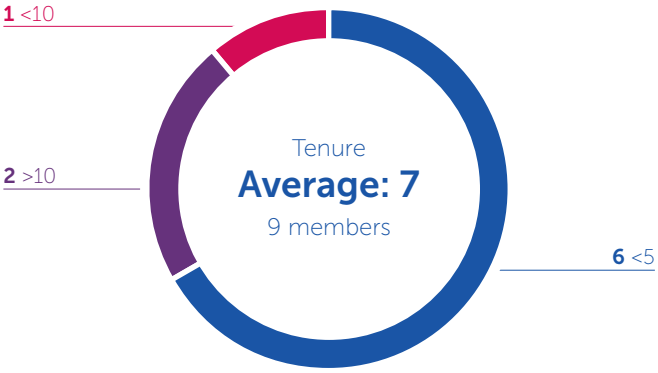
The approach today is not to formalize diversity, equity and inclusion in a set of policies, but to actively promote a culture and practice of diversity, equity and inclusion.

To learn more about diversity, equity and inclusion in general at UCB visit Diversity, equity and inclusion section.

Age



Tenure



3.7 Remuneration Report

At UCB, we have a fundamental commitment to enabling people living with severe diseases, their caregivers, and their families to live their best lives. We work in a way that is sustainable for the patients who need our solutions, for our employees, and for wider society, including local communities, our shareholders, and the planet. We continuously need to innovate to bring differentiated solutions with unique outcomes, which help specific patients achieve their life goals and create the best individual experience for them. This also means ensuring access for all who need these solutions, in a way which is viable for patients, society, and UCB.

Our reward offering is designed to attract, develop, and retain talented people who can support us in navigating in an increasingly complex, dynamic, and global healthcare environment. Our priority is to reflect, in our rewards, the strong cultural foundation shared by all our colleagues, to help drive the value that we aim to create for our stakeholders while fostering a working environment where our people can thrive by being happy, healthy and safe.

In this report we will look back at 2020 and reflect on how our performance, including our progress on sustainability, impacted executive remuneration, considering also the context of last year's exceptional events.

2020 performance highlights

In 2020, UCB made further progress towards achieving our 2025 goal to be the leader in specific patient populations, by focusing on our core strategic imperatives: keeping patients and innovation at the core of our activities; remaining connected to the world and generating value for society; and leveraging our leadership and capabilities.

Despite the challenges created by the ongoing COVID-19 pandemic, UCB continues to grow in a sustainable way. We achieved a strong financial performance in 2020, while investing in research and development and making progress on our commitments to society. Some of our key achievements in the past year include:

- Sustained financial performance with revenue in 2020 reaching € 5.3 billion, up by 9% (+8% at constant exchange rates (CER)) as compared to the previous year. Net sales increased to € 5.1 billion by 8% (+7% CER)
  - This solid growth, mainly driven by the enduring growth of UCB's core products, exceeded both the financial expectations set by UCB in February 2020 as well as internally defined targets, especially when considering the challenging context faced.
  - Adjusted EBITDA by comparison did not grow at the same year on year rate as revenue (+1%; -4% CER), since there were higher research and development expenses due to pipeline additions and pipeline progression, and higher marketing and selling costs due to launches and pre-launch activities, as anticipated and in line with company guidance. Part of these costs were offset by positive other operating earnings, for instance from Evenity partnering, and overall internal targets were exceeded.
  - While profit decreased to € 761 million from € 817 million (-7%; -14% CER) this was mainly due to acquisition fees. Adjusting for these items, as reflected in the core EPS calculation, the company exceeded guidance as well as internal targets.
- Completing the acquisition of Ra Pharmaceuticals, Inc., thus enhancing our leadership in improving treatment options for people living with myasthenia gravis and other rare diseases.
- Acquiring Engage Therapeutics, Inc. a clinical-stage pharmaceutical company developing Staccato® Alprazolam for the rapid termination of epileptic seizures.
- Acquiring Handl Therapeutics BV, a rapidly growing and transformative gene therapy company based in Leuven, Belgium and beginning a new collaboration with Lacerta Therapeutics, a U.S.-based clinical stage gene therapy company, to accelerate UCB's ambitions in gene therapy.
- Further reinforcing sustainability as our business approach, by focusing on four priority areas to improve societal health overall through scientific innovation, access to medicines, employees' health, safety and wellbeing, and protecting the health of the planet while strengthening two foundational topics (embedding diversity, equity, and inclusion across our business, and adhering to the ethical principles of transparency, respect, and integrity) alongside. This also encompassed the creation of a new sustainability governance framework.
- Accelerating our digital business transformation across the company, in order to amplify the power of scientific innovation and ensure patients can live the lives they want.

Our pay decisions for the CEO and the Executive Committee considered the following factors:

- The company's performance against both short- and long-term goals.
- The team's individual and collective contribution.
- External market forces.
- Our reward philosophy, as applied to the wider workforce.

We have engaged with several of our institutional investors and with proxy advisors to understand their specific priorities and to solicit their feedback on planned policy changes. While both our remuneration report (86.78% votes in favor) and policy (93.96% votes in favor) passed with a majority vote, we have incorporated feedback from these discussions into our 2021 remuneration policy and into this report. The proposed changes are summarized in the "remuneration policy as of 2021" section below.

2020 remuneration outcomes

All 2020 related remuneration decisions were taken in accordance with our approved remuneration policy. The key recommendations made to the UCB Board by the Governance, Nomination and Compensation Committee (GNCC) were the following:

- Annual bonus outcomes were determined in reference to performance against objectives and the GNCC's assessment of the CEO and Executive Committee members' levels of performance. This has resulted in a bonus payment above target. For the CEO specifically, the overall payout was also above target (see below for more details). The GNCC and Board believe that these bonus outcomes appropriately reflect the overall 2020 performance.
- Vesting of the performance share plan was based on achieving several pre-determined measures: R&D pipeline milestones; cashflow conversion rate; relative revenue growth over the three years; and level of employee engagement. This resulted in an overall vesting level of 111% against a maximum potential payout of 150% of target. In addition, Stock Options and Stock Awards vested as detailed below.

When the GNCC recommended salary, bonus and LTI outcomes to the Board, following a full assessment of performance across all relevant measures, it did not derogate from the 2020 remuneration policy in its determination.

The remuneration policy for UCB's Executive Committee Members and Non-Executive Directors was reviewed and validated by the GNCC on February 18, 2020 and approved by the Board of Directors on February 19, 2020. The policy was adopted during the General Meeting of Shareholders on April 30, 2020 and became effective as of January 1, 2020.

Remuneration policy as of 2021

As part of our sustainability commitment to adhering to ethical principles of transparency, respect, and integrity we are increasing the overall level of disclosure around our goals and KPIs in relation to variable pay, in both our remuneration report and our 2021 remuneration policy. While we need to balance any sensitive, competitive information, we see this as an opportunity to better showcase our strategic focus areas and to help our stakeholders better understand how our remuneration policy reflects and contributes to the company strategy.

As part of this increased level of disclosure, we are also sharing our compensation comparator group, to provide additional context for our overall pay evolution.

Furthermore, we are currently in the process of introducing shareholding guidelines for our CEO and Executive Committee members, to align more closely with evolving governance requirements and to formally reinforce existing practices.

Finally, we are also introducing clawback provisions for our CEO and Executive Committee to meet increasing legislative requirements and demonstrate the importance we attribute to the integrity of our financial statements and executive incentives.

A change in the annual fee for the Chair of the Board is proposed to the General Meeting of shareholders of 29 April 2021, which would increase these fees from € 240 000 to € 330 000. This fee will include any participation on Board committees.

The proposed increased remuneration corresponds to a level closer to the (regressed) median level of our European Biopharma reference UCB peer group, as disclosed in the 2020 Remuneration Report .

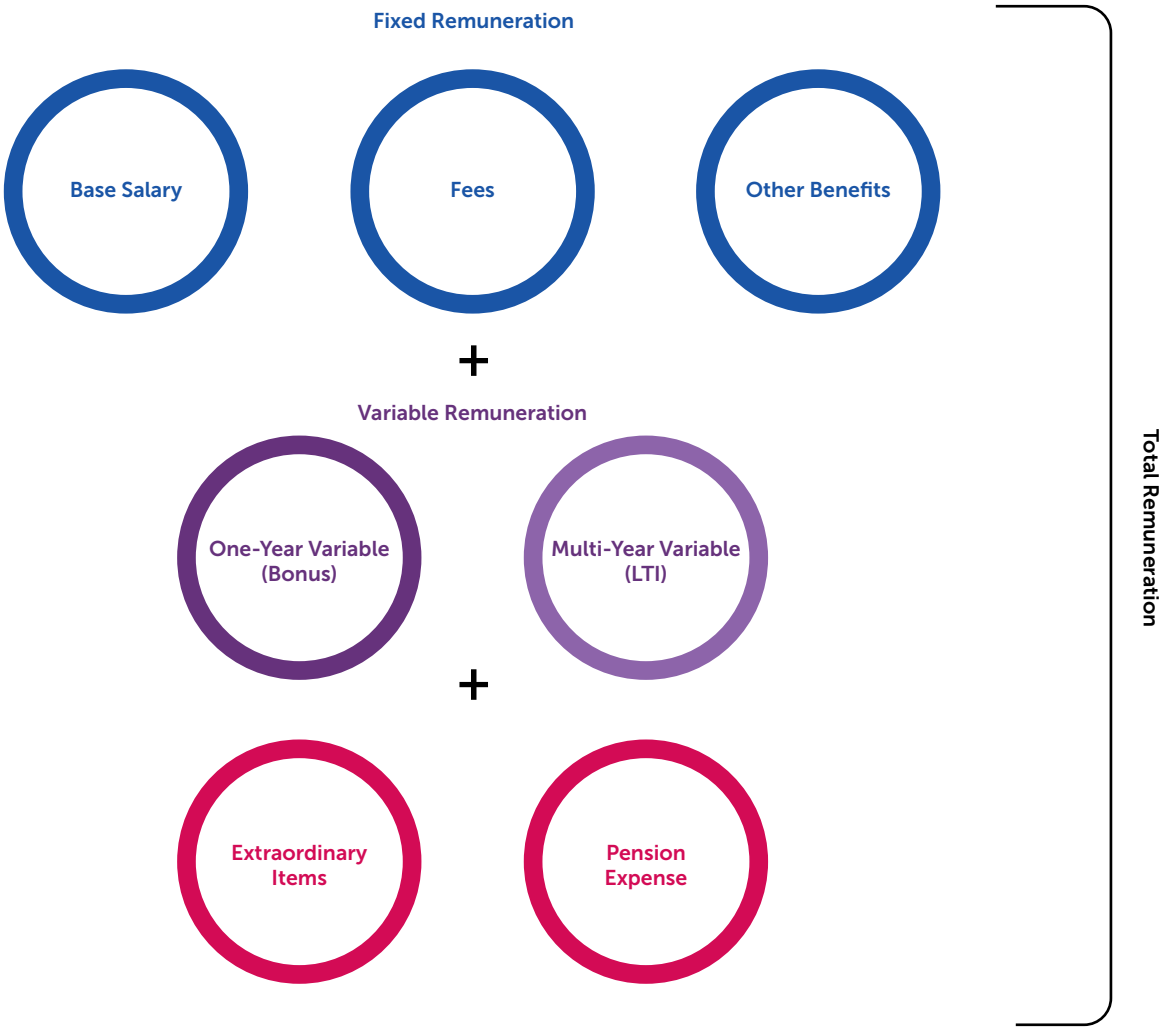
A revised remuneration policy including such changes will be submitted for approval to the General Meeting of Shareholders of 29 April 2021.

Remuneration Policy in 2020

1. Executive Committee total remuneration

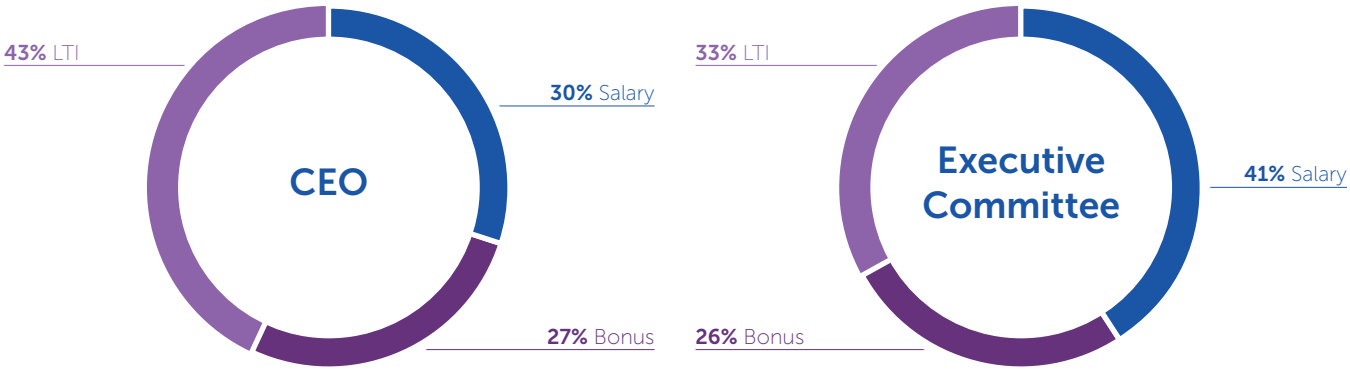
The total remuneration package of the Executive Committee members consists of the following elements that will be further outlined below:

Executive Committee total remuneration

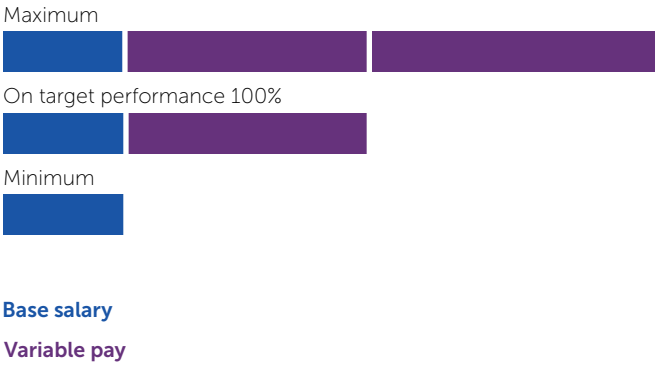


From the total remuneration, there is a strong focus on total direct compensation (base salary plus bonus and long-term incentives). The total direct compensation mix at target has a higher weight on variable elements.

The CEO and Executive Committee target total direct compensation mix is as follows:



The pay for performance impact can be illustrated as follows for the CEO and is described in more detail below.



2. Peer group and competitive positioning

UCB refers primarily to a European peer group for comparing pay policy and decisions (see below). A separate U.S. peer group is maintained to ensure a good understanding of this specific market, given the international character of our Executive Committee, but is not the reference for our pay policy, for instance when setting bonus and LTI target levels.

Both groups include international biopharmaceutical (pharmaceutical and/or biotechnology) companies with whom UCB competes for talent. These companies vary in size and therapeutic area.

We prioritize fully-integrated biopharmaceuticals peer companies operating in a complex research-driven environment and which have both development and commercialization capabilities. Where possible we aim to include companies competing in the same therapeutic areas.

While we do target companies that broadly reflect UCB's size, company size is not the primary factor, given the limited nature of this group. Regression analysis is therefore used, where relevant, to adjust the market data to UCB's size. The composition of our compensation peer group is regularly monitored and adjusted as needed, for instance when industry consolidation leads to less robust benchmarking.

UCB's competitive positioning policy is to target median pay levels of this comparator group for all elements of Total Direct Compensation (base salary + variable remuneration). The bonus and LTI target levels are benchmarked against European biopharma levels. The actual compensation for each individual is determined based on their experience in relation to the benchmark, as well as their impact on company performance.

European Peer Group	
Almirall	Leo Pharma A/S
AstraZeneca PLC	Merck KGaA
Bayer AG	Novartis AG
Chiesi Farmaceutici S.p.A.	Novo Nordisk A/S
GlaxoSmithKline PLC	Recordati S.p.A.
H. Lundbeck A/S	Roche Holding AG
Ipsen SA	Sanofi SA

3. Executive Committee remuneration elements

Pay Element – Fixed Remuneration	Description
Base Salary	Base Salary is defined in relation to the specific job dimensions and the median level of base salary in the market for similar roles. The individual's impact on the business and their level of skill and experience is also taken into consideration.
Fees	Any director fees for executive directors are paid on top of the remuneration received as an Executive. This is only applicable to the CEO. The director fees have not changed since 2019 but were previously reported separately in the Director fee section of our Remuneration Report and not with CEO total remuneration.
Other Benefits	Executive Committee Members receive benefits in line with UCB's remuneration policy, including participation in a healthcare plan, executive life insurance, and Executive Committee members can also receive additional in-kind benefits in line with our standard Global Mobility policies. These amounts can vary from year to year but are reported here due to their recurring nature.

Pay Element – Variable Remuneration	Description
Bonus	
The bonus target is subject to a double performance multiplier which rewards the achievement of corporate and individual objectives. The target bonus was set at 90% of base salary for the CEO and 65% for the other Executive Committee members. The overall bonus opportunity is capped at 175% of the target for the CEO and the Executive Committee.	**Corporate Objectives** To encourage focus on revenue growth but also on underlying profitability, UCB considers annual Adjusted Earnings Before Interest Tax Depreciation and Amortization (" Adj. EBITDA") as a shared short-term corporate performance metric, for the CEO and Executive Committee, as well as the wider workforce, under the corporate bonus plan. This target is defined company-wide and is translated into a payout curve which ensures that only an acceptable range of performance is rewarded. The philosophy is that Adj. EBITDA, as a proxy for UCB's underlying profitability, ensures that the overall bonus plan is self-funding, rewarding collective efforts across the organization. For performance between the defined payout levels shown, linear interpolation is used to determine the payout:

Adj. EBITDA vs target	Payout vs target
<85%	0%
85%	30%
93%	90%
100%	100%
106%	110%
113%	150%

<table>
<tr><th>Pay Element – Variable Remuneration</th><th colspan="2">Description</th></tr>
<tr><td colspan="3">Bonus</td></tr>
<tr><td rowspan="4"></td><td colspan="2">Individual Objectives
Individual objectives are defined according to the extent to which annual objectives have been met, as well as the behaviors demonstrated by the individual in relation to UCB's Patient Value principles.

The CEO's individual objectives mainly represent the overall company objectives, covering both financial and extra-financial priorities. The CEO's individual objectives can be summarized under the following categories, representing the value UCB aims to create for all stakeholders. No specific weighting is defined per category as we believe that performance needs to be measured in a holistic and qualitative way, considering short-term impact and overall long-term company sustainability. The GNCC and Board consider all relevant elements to arrive at the individual performance multiplier:</td></tr>
<tr><td>Performance measure</td><td>Value Creation</td></tr>
<tr><td>Financial priorities</td><td>Sustainability is our business approach. Our financial health is key to our overall sustainability and ability to continue to create value for patients, our employees, and society more widely, now and into the future. We are strongly focused on delivering on the following financial targets:
• Revenue
• Profitability-related priorities
• Net Sales across our product portfolio
• Cashflow generation</td></tr>
<tr><td>Extra-financial priorities</td><td>Value for patients – building a pipeline of differentiated solutions and improving patient access to these solutions

Value for our people – fostering a working environment where our people can thrive by being happy, healthy and safe

Value for the planet - transitioning UCB towards a low carbon and green economy

Other – priorities that span several of the above such as societal value or other company strategic goals and personal development goals.</td></tr>
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Other Executive Committee members' goals are derived from the same goals and according to their specific area of impact. UCB is currently embedding its sustainability goals within the objectives of the entire Executive Committee. As we gain experience with these goals and KPIs, our aim is to integrate these into our corporate objectives to illustrate our collective commitment.

Pay Element – Variable Remuneration	Description
Long-Term incentives	
The LTI program is a two-tiered incentive program which includes: **A stock option plan** representing (30%) of the LTI grant and a **performance share plan** for (70%). Target LTI levels represented 140% of base pay for the CEO and 80% for the other Executive Committee Members.	The actual LTI grant size is adjusted from year to year, bearing in mind individual past performance as a proxy for future impact and value creation, as well as other factors such as market premiums observed for certain roles. The LTI grant value is translated into a number of long-term incentives considering the binomial value of each award. The actual grant can represent up to 150% of the target (i.e. up to 210% of the current base salary for the CEO and 120% of base salary for the other Executive Committee members) at the moment of the award determination.
Stock Options	
Our option plan has a minimum vesting period of three years. As from the moment of vesting the beneficiary can exercise the option until 10 years from the date of grant.	The evolution of the share price determines the realizable value of the long-term incentive plan. UCB does not facilitate entering into derivate contracts related to Stock Option, nor do we hedge the attached risk, as this is not consistent with the purpose of the Stock Options. For incumbents based in Belgium, options granted in April 2020 cannot be exercised before 1 January 2024, nor can they be exercised later than 31 March 2030. For incumbents based in other countries, options granted in April 2020 cannot be exercised before 1 April 2023, nor can they be exercised later than 31 March 2030.
Performance shares	
Performance shares are subject to a three year vesting period and vest upon condition of meeting pre-determined company targets.	The level of 2020 grant was based on our performance against two performance criteria: Adjusted Cumulative Operating Cashflow and Compounded Revenue Growth, both weighted at 50%. These criteria ensure a strong focus on growth and sustainability, so that we can continue to invest in innovative solutions for patients The number of shares awarded is adjusted at the end of the performance period based on the company's performance against the targets defined at the time of grant. If actual company performance is below a specified threshold or the beneficiary leaves prior to the vesting date, no shares are awarded. The maximum vesting level is 150% of the original grant if results significantly exceed the targets.

Pay Element – Extraordinary Items & Pension	Description
Extraordinary items	Any non-recurring remuneration for 2020, such as sign-on awards or termination pay, are reported further in the present remuneration report and elaborated in our remuneration policy For instance, the company may decide to award a sign-on award, via cash or shares, to new Executive Committee members. This is not an automatic practice and considers various factors such as losses that the individual would otherwise incur in leaving another employer or other negative cashflow effects. Any sign-on awards are deliberated and approved by the GNCC.
Pension	The CEO participates in a cash balance retirement benefit plan which is fully funded by UCB and in the UCB Executive supplementary defined contribution plan. The other Executive Committee members each participate in the pension plans available in their country of contract; those incumbents based in Belgium participate in the same plans as the CEO.

4.Other policy provisions

Clawback and malus provisions
Given the uncertainties around the validity and interest of clawback clauses under Belgian law, UCB did not operate clawback provisions in its variable pay programs for 2020.

Please refer to the introduction of this remuneration report for the changes to the 2021 remuneration policy with regards to clawback and malus provisions.

Shareholding guidelines
Given that the mix of LTI consists of performance shares that only vest upon meeting stretch performance goals, and stock options, which are by design long-term vehicles, UCB did not require the CEO or the Executive Committee members to hold a minimum threshold of shares in 2020. The weight of LTI in our overall pay mix results in our Executive Committee members having a meaningful stake in unvested (and vested) LTI at any moment.

Please refer to the introduction of this remuneration report for the changes to the 2021 remuneration policy with regards to shareholding guidelines.

Termination arrangements
Given the international character of our Executive Committee as well as the dispersal of our various activities across different geographies our members have agreements governed by different legal jurisdictions.

- A Belgian service contract was established during 2014 for Jean-Christophe Tellier and maintains similar termination conditions to those in place under his previous U.S. employment agreement, comprising a lump sum equal to 18 months base compensation plus the average of the actual bonuses paid for the three previous years if the contract is terminated by the company or if there is a change of control of UCB.
- Several Executive Committee agreements (Emmanuel Caeymaex, Iris Löw-Friedrich and Detlef Thielgen) were signed before the entry into force of the Belgian Corporate Governance law of 6 April 2010 which limits the level of termination indemnities.
- Emmanuel Caeymaex has no specific termination provisions in his Belgian contract. In case of involuntary termination, local employment law and practices apply. The same applied to Detlef Thielgen who left the organization in 2020 and who was subject to statutory provisions, described below.
- Jean-Luc Fleurial, Sandrine Dufour, Dhaval Patel, and Charl van Zyl have Belgian employment contracts including a termination clause which entitles them to a severance payment of 12 months base salary and bonus if the contract is terminated by the company or of there is a change of control of UCB. The same applied to Pascale Richetta who left the organization in 2020.
- Iris Löw-Friedrich has a German employment agreement which provides a six months' notice period and a termination indemnity equal to one-year base salary and bonus. The same conditions applied to Alexander Moscho who left the organization in 2020.
- Kirsten Lund-Jurgensen and Bill Silbey hold a U.S. employment agreement, and each has a termination clause which provides for a severance payment of 12 months base salary and bonus if the contract is terminated by the company or if there would be a change in control in UCB.

5. Non-Executive Directors

The level of pay for the Board of Directors is regularly assessed against both European peer companies as well as companies listed on Euronext Brussels benchmark stock market index (BEL 20). Peer company data constitutes the primary reference, given our need to attract experts with a deep knowledge of our industry. The median levels of this peer group are the target.

Per the policy terms, Non-Executive Directors are entitled to the following fees:

	Board		Committee annual fees		Other	
	Annual Fees	Attendance Fees	Audit	Scientific	GNCC	Travel
Chair	€ 240 000	-	€ 33 500	€ 33 500	€ 22 500	
Vice-Chair	€ 120 000	€ 1 500				
Directors	€ 80 000	€ 1 000	€ 22 500	€ 22 500	€ 17 000	
Special Travel Allowance						€ 7 500

In accordance with the policy, Non-Executive Board members do not receive variable or equity-related remuneration, based on the position that shareholding could create a conflict of interest for long-term mandates, nor are they entitled to receive benefits. Board members residing in a country where the time zone difference with Belgium is five hours or more receive a special travel allowance.

2020 Remuneration Outcomes for the CEO and the Executive Committee Members

1. Total Remuneration Summary

Following new reporting standards, below provides an overview of the total remuneration of our CEO and Executive Committee members:

Incumbent Name	1 - Fixed Remuneration			2 - Variable Remuneration		3 - Extra-ordinary Items	4 - Pension Expense	5 - Total Re-muneration	Proportion of Fixed and Variable Remuneration	
	Base Pay	Fees	Other Benefits	One-Year Vari able (Bonus)	Multi-Year Variable (LTI)				Fixed	Variable
									(1 + 4) / (5 – 3)	2 / (5 -3)
Jean-Christophe Tellier – CEO	€ 1 137 683	€ 86 000	€ 1 370 958	€ 1 508 485	€ 2 358 199	€ -	€ 371 422	€ 6 832 747	43%	57%
Other Members of the Executive Committee	€ 4 528 443	€ -	€ 2 873 879	€ 3 075 441	€ 4 501 278	€ 8 664 548	€ 2 267 983	€ 25 911 572	56%	44%

As a comparison to the 2019 Remuneration Report, the CEO's total direct compensation (base salary + bonus + LTI) for 2020 amounts to € 5 004 367 (excluding pension contributions and other benefits), compared to € 4 739 275 in 2019. The aggregated Executive Committee compensation (base salary + bonus + LTI) for 2020 amounts to € 12 105 162 (excluding pension contributions and other benefits), compared to € 19 566 387 in 2019.

A. Fixed Remuneration

Base Salary

The table below show the 2020 base salary levels of the CEO and the Executive Committee:

Incumbent Name	2020
Jean-Christophe Tellier - CEO	€1 137 683
Other Members of the Executive Committee	€4 528 443

The CEO's salary evolved by 3% according to observed market movements and in line with the overall salary movements of the broader workforce.

Fees

The Chief Executive Officer is also entitled to director fees as Board member of UCB SA. For 2020, these fees amounted to € 86 000 (€ 80 000 in annual fees and € 6 000 in presence fees).

The director fees have not changed since 2019 but were reported separately in the Director fee section of our Remuneration Report and not with CEO total remuneration.

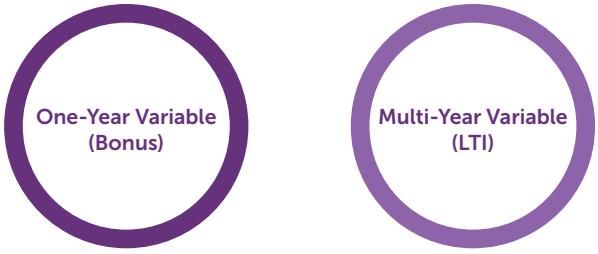
Other Benefits

Insurances, as well as benefits due in line with our standard Global Mobility policies and our remuneration policy, are included in "other benefits".

The impact of the COVID-19 pandemic resulted in UCB incurring exceptional costs in 2020, linked to our standard Global Mobility policies. While these costs did not result in additional net pay, they did represent an exceptional cost to the company and are therefore reported as a benefit in-kind.

For the CEO these other benefits represented an amount of € 1 370 958, while for other Executive Committee members this amounted to a total aggregate amount of €2 873 879.

B. Variable Remuneration



Bonus ("One-Year Variable") 2020 performance against targets

The achievement of performance targets was measured during the period that started on 1 January 2020 and ended on 31 December 2020. In line with the remuneration policy, corporate objectives are defined by the percentage of actual Adj. EBITDA versus the budget, at constant exchange rates. As the target set for 2020 was exceeded, the Company Performance Multiplier is above target.

The payout level for the individual objectives for the CEO were proposed to the Board by the GNCC based on the performance assessment at the end of the cycle as summarized below in the key priority areas for 2020. The outcome for 2020 is as follows:

CEO Bonus	Target % of Base Salary
Jean-Christophe Tellier	90%
Actual % of Base Salary	**Actual Amount**
133%	€ 1 508 485

Performance measure	2020 CEO performance against key priority areas
Financial priorities	UCB continued to grow in a sustainable way, achieving a strong financial performance, mainly above our guidance as well as internally defined targets, while investing heavily in innovation and R&D. Despite the challenges created by the ongoing COVID-19 pandemic we were largely able to continue our product supply and deliver our solutions to the patients that need them. Thanks to significant improvements in agile, fact-based resource reallocation across the organization, we were able to strengthen our resilience. Our revenue, product net sales, adjusted EBITDA, net profit and cash conversion rate results generally exceeded internally defined targets (refer to introduction to remuneration report for more detail).
Value for patients	Enrich pipeline by bringing new assets into existing and new populations • Ra Pharma successfully integrated expanding our ability to help people living with myasthenia gravis and other rare diseases • Early pipeline was strengthened through delivery of serveral new candidates from research and several early stage assets progressed towards POC, supporting sustained long-term growth.
	Increase our ability to demonstrate differentiation • Successfully completed all phase III psoriasis milestones and demonstrated superiority against standard of care comparators with *bimekizumab*
	Increase sustainable patient value through affordable access and a focus on unmet patient needs. • Strong increases in patient net promoter score, on target increases in number of patients served and moderate increases in patient access in the EU • Enhanced patient assistance programs in the U.S. by expanding our level of support • Incorporated affordability as an essential element of all pricing and contracting strategies to reach more patients • Increased capabilities and readiness to deploy value-based agreements • Several label extensions approved for instance, Vimpat approval for extended pediatric use in the EU and the U.S.
	Progress key assets in terms of quality, sustainability and timeliness • Digital business transformation milestones progressed as planned or ahead of schedule. This has enabled innovation in clinical development, accelerating cycles while improving the patient experience. • In Europe, APAC and the U.S., progress was made with efficient, multi-channel commercialization as the demand for virtual, digital channels increased during a time when access to customers has been restricted.
	Expand into new patient populations leveraging new scientific technologies • Acquisitions of Handl Therapeutics and Lacerta Therapeutics have further reinforced our gene therapy capabilities. • Several transformational projects which are now embedded in the corporate strategy, building our digital health innovation capabilities
	Bring Evenity© to patients in Europe • Progressed well in all geographies. Despite some setbacks in Europe due to the effects of COVID-19, in the second half of 2020 Evenity became profitable for UCB, enabling further investments in patient value activities.

Value for our people	Further develop our strategic capabilities, our people leadership competency and increase team dynamics • Accelerated our strategic capabilities including for instance, patient-value focused launch preparation, agile organization, digital & data literacy, dermatology and patient experience • Leadership development program revamped and successfully launched
	Further progress on our Diversity, Equity and Inclusion ambitions to increase our impact • Developed a clear and actionable diversity ambition, progressed on our inclusive mindset learning curriculum and developed a baseline methodology for measuring pay equity.
	Maintain a high level of engagement while building new capabilities and reinforcing our talent pool • UCB Voices, our company wide engagement survey, carried out at the peak of COVID-19 crisis, showed a highly engaged workforce that is proud to work for UCB. The level of sustainable engagement at UCB, as compared to benchmarks, is comparable to the highest performing companies covered by the survey (run by an independent, leading global survey provider). • We have been able to attract new talents over 2020 in preparation of our upcoming priorities, welcoming a record number of new employees (>1300), despite challenges faced by COVID-19.
	Progress on our health, safety and wellbeing goals • Reduced number of people getting injured whilst working (while met, this was difficult to compare in context of COVID-19) • Company-wide survey performed to set a baseline for measuring health, safety and wellbeing to track future progress
Value for Planet	As part of our 2030 green target to reduce carbon emissions by 35%, decrease waste generation by 25% and water consumption by 20%, we progressed ahead of plan for 2020 across all targets. While some of this was due to the effect of COVID-19, when this effect was adjusted, targets were still met or exceeded. A robust methodology has been developed to help us to minimize our environmental footprint (CO_2, water use, waste) for any new asset.
Other goals	Successful implementation of our internal engagement and communication plan on sustainability as a business approach and have embarked on a company-wide reflection on the role we should play in tackling wider societal challenges. Our sustainability governance framework has been strengthened by the creation of a Sustainability Governance Committee and External Sustainability Advisory Board with direct connection to UCB Executive Committee members. Launch of the UCB Community Health Fund, to address health disparities amongst vulnerable populations, including completion of the first call for projects.

Overall we believe that excellent progress was made on our commitments to creating value for patients, our people, shareholders, and society. As well as the progress against goals, the navigation of the challenges brought by COVID-19 was handled commendably, with patient, employee and societal value at the core of all our actions.

The CEO proposed individual performance multipliers for each of the other Executive Committee members to the GNCC for consideration prior to Board endorsement. The combined total value of cash bonuses paid to the Executive Committee amounted to € 3,075,441.

LTI ("Multi-Year Variable")

In 2020, the CEO and Executive Committee members were awarded an LTI grant between the LTI target and the maximum policy value.

A) Grant made in 2020

The table below details the number of stock options and performance shares that were granted in 2020:

	Stock Options					Performance Shares				
Incumbent Name	**Number of Stock Options Granted**	**Vesting Date**	**Strike Price[1]**	**Binomial value per Unit[2]**	**Binomial Value at Grant**	**Number of Performance Shares Granted**	**Vesting Date**	**Binomial value per Unit[2]**	**Binomial Value at Grant**	**Total Binomial Value at Grant**
Jean-Christophe Tellier – CEO	40 214	01/Jan/24	76.21	19.04	€ 765 675	27 024	01/Apr/23	58.93	€ 1 592 524	€ 2 358 199
Emmanuel Caeymaex	10 966	01/Jan/24	76.21	19.04	€ 208 793	7 369	01/Apr/23	58.93	€ 434 255	€ 643 048
Jean-Luc Fleurial	8 695	01/Jan/24	76.21	19.04	€ 165 553	5 843	01/Apr/23	58.93	€ 344 328	€ 509 881
Iris Loew-Friedrich	11 775	01/Apr/23	76.21	19.04	€ 224 196	7 913	01/Apr/23	58.93	€ 466 313	€ 690 509
Kirsten Lund-Jurgensen	8 617	01/Apr/23	79	19.04	€ 164 068	5 791	01/Apr/23	58.93	€ 341 264	€ 505 331
Dhaval Patel	13 328	01/Jan/24	76.21	19.04	€ 253 765	8 957	01/Apr/23	58.93	€ 527 836	€ 781 601
Bill Silbey	10 858	01/Apr/23	79	19.04	€ 206 736	7 297	01/Apr/23	58.93	€ 430 012	€ 636 749
Charl van Zyl	12 520	01/Jan/24	76.21	19.04	€ 238 381	8 413	01/Apr/23	58.93	€ 495 778	€ 734 159

[1] Average of the closing prices between 2 March and 31 March of the year or closing price of 31 March as specified by Belgian or other relevant legislation
[2] Binomial valuation: an objective technique for pricing long-term incentives and which determines a fair value of the stock price over the life of a long-term incentive

Sandrine Dufour was appointed in July 2020 after the grant date and was therefore not eligible to join the 2020 LTI plans.

B) LTI Vesting in 2020

The table below details the number of **stock options**, **stock awards** and **performance shares**, granted to the Executive Committee members in previous years (reported in previous annual reports) and which have vested during the calendar year 2020 (not to be aggregated with the information in the above table which details the long-term incentives granted in 2020):

	Stock Options				Stock Awards				
Incumbent Name	**Grant Date[1]**	**Vesting date**	**Number vested (not exercised)**	**Exercise price**	**Award date[2]**	**Vesting date**	**Number vested**	**Share market value upon vesting[3]**	**Total value upon vesting**
Jean-Christophe Tellier - CEO	01/Apr/16	01/Jan/20	38 792	67.24	01/Apr/17	01/Apr/20	10 804	80.23	€ 866 805
Emmanuel Caeymaex	01/Apr/16	01/Jan/20	9 904	67.24	01/Apr/17	01/Apr/20	2 977	80.23	€ 238 845
Jean-Luc Fleurial					01/Sep/17	01/Sep/20	1 500	99.48	€ 149 220
Iris Löw-Friedrich	01/Apr/17	01/Apr/20	12 554	70.26	01/Apr/17	01/Apr/20	3 453	77.22	€ 266 641
Kirsten Lund-Jurgensen					01/Aug/19	01/Aug/20	7 000	110.35	€ 772 450
Dhaval Patel					01/Oct/17	01/Oct/20	10 000	97.85	€ 978 500
Pascale Richetta	01/Apr/16	01/Jan/20	10 219	67.24	01/Apr/17	01/Apr/20	3 351	80.23	€ 268 851
Bill Silbey	01/Apr/17	01/Apr/20	2 154	72.71	01/Apr/17	01/Apr/20	592	80.23	€ 47 496
Detlef Thielgen	01/Apr/16	01/Jan/20	15 092	67.24	01/Apr/17	01/Apr/20	3 921	80.23	€ 314 582
Charl van Zyl					01/Apr/17	01/Apr/20	2 825	80.23	€ 226 650

	Performance Shares						
Incumbent Name	**Award date[2]**	**Vesting date**	**Perfor-mance period**	**Total number of shares vested**	**Vesting %**	**Share market value upon vesting[3]**	**Total value upon vesting**
Jean-Christophe Tellier - CEO	01/Apr/17	01/Apr/20	2017-2019	24 814	111%	80.23	€ 1 990 827
Emmanuel Caeymaex	01/Apr/17	01/Apr/20	2017-2019	6 838	111%	80.23	€ 548 613
Jean-Luc Fleurial							
Iris Löw-Friedrich	01/Apr/17	01/Apr/20	2017-2019	7 932	111%	77.22	€ 612 509
Kirsten Lund-Jurgensen							
Dhaval Patel							
Pascale Richetta	01/Apr/17	01/Apr/20	2017-2019	7 696	111%	80.23	€ 617 450
Bill Silbey	01/Apr/17	01/Apr/20	2017-2019	1 361	111%	80.23	€ 109 193
Detlef Thielgen	01/Apr/17	01/Apr/20	2017-2019	9 005	111%	80.23	€ 722 471
Charl van Zyl	01/Apr/17	01/Apr/20	2017-2019	6 489	111%	80.23	€ 520 612

[1] Jean-Luc Fleurial, Dhaval Patel and Charl van Zyl joined UCB after the 2016 LTI grant. Kirsten Lund-Jurgensen joined UCB after the 2017 LTI grant. Alexander Moscho left UCB before any LTI vested in his favor in 2020.
[2] Jean-Luc Fleurial, Kirsten Lund-Jurgensen and Dhaval Patel joined UCB after the 2017 LTI grant. Alexander Moscho left UCB before any LTI vested in his favor in 2020.
[3] Market value of the UCB share on the date of vesting defined as the average of the high and the low price of the UCB share on that date unless specified by local legislation.

The performance shares vesting in 2020 relate to the 2017 grant. The vesting of those performance shares was subject to three-year performance against the following criteria:

- Cashflow conversion ratio (35%)
- Relative revenue growth (35%)
- Reaching defined pipeline milestones (20%)
- UCB global employee engagement score (10%)

Based on the performance against each of the targets, the number of shares that vested was equal to 111% of the target number of shares conditionally granted, due to performance at or above target against each of the plan's four performance criteria.

C) LTI Forfeited in 2020

The table below details the number of **stock options**, **stock awards** and **performance shares**, granted to the Executive Committee members in previous years and which were forfeited in 2020:

Name		Date of grant	Number of shares forfeited	Date Forfeited
Alexander Moscho	Stock Options - 2018	01/Apr/18	8 647	31/Jan/20
	Stock Options - 2019	01/Apr/19	8 922	31/Jan/20
	Performance Shares - 2018	01/Apr/18	4 009	31/Jan/20
	Performance Shares - 2019	01/Apr/19	6 245	31/Jan/20
Pascale Richetta	Performance Shares - 2018	01/Apr/18	6 069	15/Apr/20
	Performance Shares - 2019	01/Apr/19	7 489	15/Apr/20
Detlef Thielgen	Performance Shares - 2018	01/Apr/18	7 032	10/Apr/20
	Performance Shares - 2019	01/Apr/19	7 759	10/Apr/20
Alexander Moscho	Stock Awards - sign on	01/Oct/17	3 000	31/Jan/20
	Stock Awards - 2018	01/Apr/18	2 428	31/Jan/20
Pascale Richetta	Stock Awards - 2018	01/Apr/18	3 675	15/Apr/20
Detlef Thielgen	Stock Awards - 2018	01/Apr/18	4 258	10/Apr/20

C. Extraordinary Items

Termination payments

Alexander Moscho, Pascale Richetta, and Detlef Thielgen left UCB in 2020. Settlement agreements were proposed to the Board by the GNCC, who reviewed and concluded them to be in line with their contractual arrangements and UCB's practices for Executive Committee members.

- Alexander Moscho left UCB on January 31, 2020 and Pascale Richetta stepped down from the Executive Commitee on January 31, 2020 and left UCB on April 15, 2020. Settlement agreements were concluded in accordance with applicable labor laws and in line with their employment agreements i.e. termination payments not exceeding 12 months of base salary and bonus).

- Detlef Thielgen left UCB on April 10, 2020. His Belgian employment contract was terminated in accordance with Belgian labor law provisions, which resulted in an indemnity in lieu of notice. The calculation basis of the indemnity consists of fixed compensation, variable compensation (bonus and long-term incentives), and other remuneration elements related to his Belgian contract and taking into account his 31 years of seniority with the company. The German employment contract was terminated in accordance with German labor law provisions resulting in a statutory notice period.

The aggregate amount of 2020 termination payments is € 6 861 668 .

Sign-on fees

At the time of hire, Sandrine Dufour was awarded €600 000 cash sign-on bonus and 12 000 sign-on phantom stock awards. Both the stock award and the cash sign-on fee were exceptional one-time grants made in order to be competitive, to compensate losses incurred when leaving her previous employer and to ensure retention ahead of the UCB LTI plan starting to vest.

The cash sign-on bonus is repayable in full should she voluntarily leave UCB within the first two years of her employment. The sign-on phantom stock awards, valued at €1 202 880 on the date of grant, will vest in three equal tranches of 4 000 shares on the condition of being in service on each of the vesting dates in 2021, 2022, 2023.

Sandrine Dufour will be eligible to participate in UCB's LTI plan as of April 2021; as both stock options and performance shares in our LTI plan are subject to a minimum three-year cliff vesting requirement, Sandrine Dufour will have no LTI vesting from UCB's regular plans over the same time period as the sign-on phantom stock awards vesting.

D. Pension expense

Incumbent Name - Position	Pension Expense
Jean-Christophe Tellier - CEO	€ 371 422
Other Members of the Executive Committee	€ 2 267 983

E. CEO and Executive Committee pay comparison

Remuneration of Executive Committee, Employees and Company Performance over 5 years

The below table is a summary of the evolution of total remuneration of our CEO, Executive Committee, our average employee and compared to company performance over the last five years, represented here by year on year growth of revenue and adj. EBITDA.

	2016	2017	2018	2019	**2020**
Remuneration of CEO*	€ 4 331 103	€ 5 275 994	€ 5 308 237	€ 5 813 173	€ 6 832 748
Change year on year (YoY)		21.8%	0.6%	9.5%	17.5%
Remuneration of members of the Executive Committee **	€ 21 679 113	€ 25 150 536	€ 20 605 133	€ 24 788 507	€ 19 049 904
Change YoY		16.0%	-18.1%	20.3%	-23.2%
Company Performance					
Revenue (Change YoY)					
at real rate	7%	9%	2%	6%	9%
at constant rate	6%	11%	5%	7%	8%
Adj. EBITDA (Change YoY)					
at real rate	26%	33%	2%	2%	1%
at constant rate	18%	34%	5%	11%	-4%
Total Remuneration of employees (in EUR Millions)	€ 996	€ 1 079	€ 1 057	€ 1 166	€ 1 180
FTE	7 579	7 368	7 304	7 429	7 899
Average cost per FTE (IFRS)	€ 131 412	€ 146 439	€ 144 725	€ 157 361	€ 149 392
Change YoY		11.43%	-1.17%	8.73%	-5.06%

* Board fees are reported as part of the total remuneration of CEO**The CEO 2020 remuneration includes the exceptional item referenced in the "other benefits" section above
**Executive Committee composition has varied in recent years.

We note that terminations payments have been excluded from Executive Committee remuneration, due to their non-recurrent nature.
Average employee remuneration is calculated on the basis of actual employee salary and benefit costs (excluding employer social security charges and CEO remuneration), divided by the number of employees, on a year by year basis.

Total Remuneration of CEO versus Lowest Remunerated Employee

The below table shows a comparison of the 2020 remuneration of our CEO (in €), to the 2020 remuneration of the lowest paid full-time UCB SA employee (in €). The remuneration includes fixed and variable remuneration as well as employee benefits, excluding employer social security charges.

	2020
Ratio of Total Remuneration of CEO versus Lowest Remunerated Employee	1:126

F. CEO and Executive Committee Share-based Remuneration

The tables below detail the opening and closing balance, as well as movements during the year in of share-based remuneration for each of the Executive Committee Members (both current and former).

	The main conditions of the share option plans				
Incumbent Name	**Plan specification**	**Grant date**	**Vesting date**	**Exercise period**	**Strike price**
Jean-Christophe Tellier - CEO	Stock Appreciation rights	01/Apr/12	01/Apr/15	7 years	32.36
		01/Apr/13	01/Apr/16	7 years	49.80
		01/Apr/14	01/Apr/17	7 years	58.12
	Stock Options	01/Apr/15	01/Jan/19	6.75 years	67.35
		01/Apr/16	01/Jan/20	6.75 years	67.24
		01/Apr/17	01/Jan/21	6.75 years	70.26
		01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
		01/Apr/20	01/Jan/24	6.75 years	76.21
Emmanuel Caeymaex	Stock Options	01/Apr/13	01/Jan/17	6.75 years	48.69
		01/Apr/14	01/Jan/18	6.75 years	58.12
		01/Apr/15	01/Jan/19	6.75 years	67.35
		01/Apr/16	01/Jan/20	6.75 years	67.24
		01/Apr/17	01/Jan/21	6.75 years	70.26
		01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
		01/Apr/20	01/Jan/24	6.75 years	76.21
Jean-Luc Fleurial	Stock Options	01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
		01/Apr/20	01/Jan/24	6.75 years	76.21
Iris Loew-Friedrich	Stock Options	01/Apr/11	01/Apr/14	7 years	26.72
		01/Apr/12	01/Apr/15	7 years	32.36
		01/Apr/13	01/Apr/16	7 years	48.69
		01/Apr/14	01/Apr/17	7 years	58.12
		01/Apr/15	01/Apr/18	7 years	67.35
		01/Apr/16	01/Apr/19	7 years	67.24
		01/Apr/17	01/Apr/20	7 years	70.26
		01/Apr/18	01/Apr/21	7 years	66.18
		01/Apr/19	01/Apr/22	7 years	76.09
		01/Apr/20	01/Apr/23	7 years	76.21
Kirsten Lund-Jurgensen	Stock Appreciation rights	01/Apr/20	01/Apr/23	7 years	79.00
Dhaval Patel	Stock Options	01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
		01/Apr/20	01/Jan/24	6.75 years	76.21
Bill Silbey	Stock Appreciation rights	01/Apr/16	01/Apr/19	7 years	67.24
		01/Apr/17	01/Apr/20	7 years	72.71
		01/Apr/18	01/Apr/21	7 years	66.18
		01/Apr/19	01/Apr/22	7 years	76.56
		01/Apr/20	01/Apr/23	7 years	79.00
Charl Van Zyl	Stock Options	01/Apr/17	01/Jan/21	6.75 years	70.26
		01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
		01/Apr/20	01/Jan/24	6.75 years	76.21
Pascale Richetta	Stock Options	01/Apr/16	01/Jan/20	6.75 years	67.24
		01/Apr/17	01/Jan/21	6.75 years	70.26
		01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09
Detlef Thielgen	Stock Options	01/Apr/13	01/Jan/17	6.75 years	48.69
		01/Apr/14	01/Jan/18	6.75 years	58.12
		01/Apr/15	01/Jan/19	6.75 years	67.35
		01/Apr/16	01/Jan/20	6.75 years	67.24
		01/Apr/17	01/Jan/21	6.75 years	70.26
		01/Apr/18	01/Jan/22	6.75 years	66.18
		01/Apr/19	01/Jan/23	6.75 years	76.09

Information regarding the reported financial year							
Opening balance	**During the year**					**Closing balance**	
Share options outstanding begin year	**Number**	**Value**	**Number**	**Value[1]**	**Share options exercised**	**Share options unvested**	**Share options vested but unexercised**
12 000							
11 272							11 272
30 656							30 656
46 800					20 000		26 800
38 792			38 792	154 780			38 792
39 273						39 273	
44 741						44 741	
39 623						39 623	
	40 214	765 675				40 214	
3 000					3 000		
5 745					1 000		4 745
9 191							9 191
9 904			9 904	39 517			9 904
10 822						10 822	
11 741						11 741	
10 499						10 499	
	10 966	208 793				10 966	
7 519						7 519	
8 405						8 405	
	8 695	165 553				8 695	
15 000					15 000		0
15 000					5 000		10 000
13 397							13 397
15 666							15 666
15 521							15 521
14 401							14 401
12 554			12 554	125 163			12 554
14 472						14 472	
10 739						10 739	
	11 775	224 196				11 775	
0	8 617	164 068	0		0	8 617	
15 273						15 273	
14 142						14 142	
	13 328	253 765				13 328	
2 126					2 126	0	
2 154			2 154	16 198	2 154	0	
1 966						1 966	
8 947						8 947	
	10 858	206 736				10 858	
10 270						10 270	
13 929						13 929	
12 336						12 336	
	12 520	238 381				12 520	
10 219			10 219	40 774	10 219		0
12 180						12 180	
13 088						13 088	
10 700						10 700	
14 904							14 904
17 785							17 785
17 621							17 621
15 092			15 092	60 217			15 092
14 252						14 252	
15 166						15 166	
11 084						11 084	

[1] The average of the high and the low UCB share price on the vesting date less the exercise price times the number of stock options

	The main conditions of the stock awards plans			Information regarding the reported financial year					
Incumbent Name	Plan specification	Award date	Vesting date	Opening balance	During the year				Closing balance
				Stock awards outstanding - begin year	Stock awards awarded		Stock Awards vested		
					Number	Value	Number	Value[1]	Stock awards unvested
Jean-Christophe Tellier - CEO	Stock Awards	01/Apr/17	01/Apr/20	10 804			10 804	866 805	0
		01/Apr/18	01/Apr/21	12 561					12 561
Emmanuel Caeymaex	Stock Awards	01/Apr/17	01/Apr/20	2 977			2 977	238 845	
		01/Apr/18	01/Apr/21	3 296					3 296
Sandrine Dufour	Phantom Stock Awards	01/Jul/20	01/Jul/21		4 000	400 960			4 000
		01/Jul/20	01/Jul/22		4 000	400 960			4 000
		01/Jul/20	01/Jul/23		4 000	400 960			4 000
Jean-Luc Fleurial	Phantom Stock Awards	01/Sep/17	01/Sep/20	1 500			1 500	149 220	
	Stock Awards	01/Apr/18	01/Apr/21	2 111					2 111
Iris Loew-Friedrich[2]	Stock Awards	01/Apr/17	01/Apr/20	3 453			3 453	266 641	
		01/Apr/18	01/Apr/21	4 063					4 063
Kirsten Lund-Jurgensen	Stock Awards	01/Aug/19	01/Aug/20	7 000			7 000	772 450	0
		01/Aug/19	01/Aug/21	7 000					7 000
		01/Aug/19	01/Aug/22	7 000					7 000
Dhaval Patel	Stock Awards	01/Apr/18	01/Apr/21	4 288					4 288
	Phantom Stock Awards	01/Oct/17	01/Oct/20	10 000			10 000	978 500	
		01/Oct/17	01/Oct/21	15 000					15 000
Bill Silbey	Stock Awards	01/Apr/17	01/Apr/20	592			592	47 496	0
		01/Apr/18	01/Apr/21	552					552
Charl Van Zyl	Stock Awards	01/Apr/17	01/Apr/20	2 825			2 825	226 650	0
		01/Apr/18	01/Apr/21	3 911					3 911
Detlef Thielgen	Stock Awards	01/Apr/17	01/Apr/20	3 921			3 921	314 582	
Pascale Richetta[3]	Stock Awards	01/Apr/17	01/Apr/20	3 351			3 351	259 166	

[1] The average of the high and the low UCB share price on the vesting date
[2] The valuation is based on the low price on the vesting date
[3] The valuation is based on the opening price on the vesting date

	The main conditions of the performance share plans				Information regarding the reported financial year					
Incumbent Name	Plan specification	Performance period	Award date	Vesting date	Opening balance	During the year				Closing balance
					Performance shares outstanding - begin year	Shares awarded		Shares vested		Subject to Performance Conditions - unvested
						Number	Value	Number	Value[1]	
Jean-Christophe Tellier - CEO	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	22 355			24 814	1 990 827	
		2018-2020	01/Apr/18	01/Apr/21	20 745					20 745
		2019-2021	01/Apr/19	01/Apr/22	27 735					27 735
		2020-2022	01/Apr/20	01/Apr/23		27 024	1 592 524			27 024
Emmanuel Caeymaex	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	6 160			6 838	548 613	
		2018-2020	01/Apr/18	01/Apr/21	5 444					5 444
		2019-2021	01/Apr/19	01/Apr/22	7 349					7 349
		2020-2022	01/Apr/20	01/Apr/23		7 369	434 255			7 369
Jean-Luc Fleurial	Performance Shares	2018-2020	01/Apr/18	01/Apr/21	3 486					3 486
		2019-2021	01/Apr/19	01/Apr/22	5 883					5 883
		2020-2022	01/Apr/20	01/Apr/23		5 843	344 328			5 843
Iris Loew-Friedrich[2]	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	7 146			7 932	612 509	
		2018-2020	01/Apr/18	01/Apr/21	6 710					6 710
		2019-2021	01/Apr/19	01/Apr/22	7 517					7 517
		2020-2022	01/Apr/20	01/Apr/23		7 913	466 313			7 913
Kirsten Lund-Jurgensen	Performance Shares	2020-2022	01/Apr/20	01/Apr/23		5 791	341 264			5 791
Dhaval Patel	Performance Shares	2018-2020	01/Apr/18	01/Apr/21	7 082					7 082
		2019-2021	01/Apr/19	01/Apr/22	9 899					9 899
		2020-2022	01/Apr/20	01/Apr/23		8 957	527 836			8 957
	Phantom Performance Shares	2019-2022	01/Oct/19	01/Oct/22	7 000					7 000
		2019-2023	01/Oct/19	01/Oct/23	7 000					7 000
		2019-2024	01/Oct/19	01/Oct/24	7 000					7 000
Pascale Richetta[3]	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	6 933			7 696	595 209	
Bill Silbey	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	1 226			1 361	109 193	0
		2018-2020	01/Apr/18	01/Apr/21	911					911
		2019-2021	01/Apr/19	01/Apr/22	6 263					6 263
		2020-2022	01/Apr/20	01/Apr/23		7 297	430 012			7 297
Detlef Thielgen	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	8 113			9 005	722 471	
Charl Van Zyl	Performance Shares	2017-2019	01/Apr/17	01/Apr/20	5 846			6489	520 612	0
		2018-2020	01/Apr/18	01/Apr/21	6 459					6 459
		2019-2021	01/Apr/19	01/Apr/22	8 635					8 635
		2020-2022	01/Apr/20	01/Apr/23		8 413	495 778			8 413

[1] The average of the high and the low UCB share price on the vesting date
[2] The valuation is based on the low price on the vesting date
[3] The valuation is based on the opening price on the vesting date

2020 Remuneration of Non-Executive Directors

The following table sets out the remuneration received by each Non-Executive Director in 2020. This includes the fixed annual payment for Board and Committee memberships, the attendance fees per Board meeting, and any travel allowances paid.

	Board of Directors		Committee annual fees (fixed fee)				Total
	Fixed Fees	Attendance Fees	Audit	Scientific	GNCC	Travel Allowance	
Evelyn du Monceau	€ 240 000				€ 22 500		€ 262 500
Pierre Gurdjian	€ 120 000	€ 9 000			€ 17 000		€ 146 000
Jan Berger	€ 80 000	€ 6 000				€ 7 500	€ 93 500
Alice Dautry	€ 80 000	€ 6 000		€ 22 500			€ 108 500
Kay Davies	€ 80 000	€ 6 000		€ 33 500	€ 17 000		€ 136 500
Albrecht De Graeve	€ 80 000	€ 6 000	€ 33 500				€ 119 500
Roch Doliveux	€ 80 000	€ 6 000					€ 86 000
Charles-Antoine Janssen	€ 80 000	€ 6 000	€ 22 500				€ 108 500
Cyril Janssen	€ 80 000	€ 6 000					€ 86 000
Viviane Monges	€ 80 000	€ 6 000	€ 22 500				€ 108 500
Cédric van Rijckevorsel	€ 80 000	€ 6 000					€ 86 000
Ulf Wiinberg	€ 80 000	€ 6 000	€ 22 500			€ 7 500	€ 116 000
Total	**€ 1 160 000**	**€ 69 000**	**€ 101 000**	**€ 56 000**	**€ 56 500**	**€ 15 000**	**€ 1 457 500**

The fees received by the CEO as Board member of UCB SA are included in Section 5 under the Remuneration Policy in 2020.

3.8 Main features of the internal control and risk management systems of UCB

3.8.1 Internal control

As the governing body of UCB, the Board provides entrepreneurial leadership to UCB and is responsible for approving the strategy, goals and objectives of the company. This includes overseeing the establishment, implementation and review of a prudent and effective system of internal controls, as described herein, as well as the risk management processes as further described in 3.8.2 below.

The Audit Committee assists the Board in its responsibility of monitoring the internal control and risk management processes established by the management of UCB and the UCB Group as a whole; the effectiveness of the overall internal control processes of UCB; the overall financial reporting process; the external auditor (including its appointment procedure); and the Global Internal Audit function and its effectiveness.

UCB management is responsible for establishing and maintaining adequate internal controls to provide reasonable assurance regarding the achievement of objectives of the reliable nature of financial information, compliance with relevant laws and regulations, and performance of the internal control processes (control environment, risk/control system and monitoring) within UCB in the most efficient manner. The internal controls process is monitored worldwide by the Internal Controls Department in an automated manner for system access and segregation of duties, process control-self assessment testing, and continuous controls monitoring. Information systems are developed to support UCB's long- term objectives and are managed by a professionally staffed Information Management team.

As an important component of managements system of internal controls, UCB updates its business plan on an annual basis and prepares a detailed annual budget for each financial year that is considered and approved by the Board. A management reporting system is in place, providing management with financial and operational performance measurement indicators. Management accounts are prepared monthly to cover each major area of the business. Variances from plan and previous forecasts are analyzed, explained and acted on in a timely manner. In addition to regular Board discussions, meetings are held at least monthly by the Executive Committee to discuss performance, with specific projects being discussed as and when required.

The Global Internal Audit function provides independent, objective assurance services designed to evaluate, add value and improve the internal control environment and operations of UCB by bringing a systematic, disciplined approach to the evaluation of, and recommending enhancements to the governance, compliance, internal control and risk management processes of UCB.

The Global Internal Audit group undertakes an Audit Plan of financial, compliance and operational audits and reviews, as reviewed and approved by the Audit Committee and covering relevant company activities. The program includes independent reviews of the systems of internal control and risk management. The findings and the status of corrective actions taken to address these are regularly reported in writing to the Executive Committee, and the status of the completion of the Audit Plan as well as a summary of the findings and the status of corrective actions are reported in writing to the Audit Committee at least twice per year.

UCB has adopted formal procedures focused on internal controls over financial reporting, referred to as the Transparency Directive process. This process is intended to help minimize the risk of selective disclosure; to help ensure that all material information disclosures made by UCB to its investors, creditors and regulators are accurate, complete, timely and fairly present the condition of UCB; and to help ensure adequate disclosure of material financial and non- financial information and significant events, transactions and risks.

The process consists of a number of activities. Identified key contributors in the internal control process, which include all Executive Committee members, are required to certify in writing that they understand and have complied with the requirements of UCB related to the financial reporting process, including providing reasonable assurance of effective and efficient operations, reliable financial information and compliance with Laws and regulations. To promote their understanding of the broad range of potential issues, a detailed checklist is provided to them to complete and to assist them in their certification. In addition, a detailed worldwide desk review of Sales, Credits and related Gross-to-Net accounts, Accounts Receivables, Trade Inventories, Accruals, Provisions, Reserves and Payments is performed, and the Finance Directors/representatives of all individual entities are required to acknowledge in writing that their financial reporting in these areas is based on reliable data and that their results are properly stated in accordance with requirements.

These procedures are coordinated by the Global Internal Audit function in advance of the issuance of the half-year and annual accounts. The results of the procedures are reviewed with the Chief Accounting Office, as well as Finance, the Legal Department and the External Auditors. Appropriate follow-up of any potential issues identified is performed and consideration of adjustments to reported financial information or disclosures is evaluated. The results of these procedures are reviewed with the CEO and the CFO, and subsequently with the Audit Committee, prior to the publication of the accounts.

3.8.2 Risk management

The whole UCB group and its affiliates worldwide are committed to providing an effective risk management system to minimize threats that may impact our ability to achieve our strategic plans and corporate objectives.

To this effect, the UCB Group incorporates Risk Management practices as follows:

A global Risk Management policy, applicable for the whole UCB Group and its affiliates worldwide, describes the commitment of UCB to provide an effective risk management system across the UCB Group and articulates the framework and architecture for managing key risks at UCB.

The Board is responsible for approving the strategy, goals and objectives of the UCB Group and overseeing the establishment, implementation and review of the risk management system of the UCB Group. The Board is assisted by the Audit Committee in its responsibility for the appreciation of risk management. The Audit Committee examines on a regular basis the areas where risks could significantly affect the financial situation or reputation of the UCB Group. The Audit Committee monitors the overall risk management process of UCB.

The Executive Committee is responsible for implementing the risk management strategy and objectives, as well as championing the prioritization, control and review of risks critical to UCB's success. The Global Internal Audit function is responsible for independently and regularly reviewing as well as validating the risk management process in UCB and jointly agreeing with the business functions on actions to mitigate and control assessed risks.

The Head of Enterprise Risk Management provides periodic status updates directly to the Executive Committee and, on a periodic basis, to the Audit Committee as well as to the Board. The Risk2Value Table and Strategic Risk Council, consisting of management representatives of all business functions, provides strategic leadership that endorses the enterprise level risk assessment, prioritization and response process, supported by an enterprise risk management system to effectively assess, report and manage actual or potential risks or exposures. The sources of risk information include the assessment from the business areas (bottom-up), input from executive leadership (top-down) and the external context for the organization (outside-in). Every top risk of the organization is owned by a member of the Executive Committee to ensure accountability and priority. The Enterprise Risk Management group continually assesses its governance structure and stakeholder alignment to ensure the most robust assessments, prioritization and responses are achieved.

To learn more on top risks and environmental and social risks visit the Risk Management section. To learn more on financial risks visit the financial Note 5.

3.9 Private investment transactions and trading in UCB shares

The Board has approved a Dealing Code to prevent insider trading offences and market abuse, particularly during the periods preceding the publication of results or information that would likely have an effect on the price of UCB securities or, as the case may be, the price of the securities issued by a third-party company.

In 2016, a new Dealing Code has been approved by the Board to reflect the rules of the EU Regulation No 596/2014 on Market Abuse, Directive 2014/57/EU on criminal sanctions for market abuse and the Belgian Law of August 2, 2002 on the supervision of the financial sector and on financial services, as amended by the Law of June 27, 2016, which entered into force on July 3, 2016. During 2017, UCB reviewed the Dealing Code and updated it to reflect this legislation and to include considerations relating to ethics in accordance with our Patient Value Strategy. In 2019, some practicalities have been updated in the Dealing Code.

The Dealing Code includes rules for Directors, executive management and key employees which prohibit the dealing in UCB shares or other financial instruments related to the UCB share for a designated period preceding the announcement of its financial results (so-called "closed periods"). It further prohibits trading in UCB shares or other related securities for persons who are, or may soon be, in possession of inside information.

The Board has appointed the Group General Counsel (Bill Silbey) and the Group Secretary General (Xavier Michel) as Insider Trading Compliance Officers whose duties and responsibilities are defined in the Dealing Code.

In accordance with the Dealing Code, the Company has further established the list of Persons Discharging Managerial Responsibilities (Directors and members of the Executive Committee) and the list of key employees, who must inform and obtain prior clearance from the Insider Trading Compliance Officer(s) for the transactions on UCB shares and related securities they intend to make for their own account. Dealings in the Company securities by the Persons Discharging Managerial Responsibilities as well as the Persons closely associated therewith also need to be reported to the Financial Services and Market Authority (FSMA), the Belgian market supervisory authority. The procedure for such reporting and the duties relating thereto are also reflected in the UCB Dealing Code. The Dealing Code is available on the UCB website.

3.10 External audit

The General Meeting held on April 26, 2018 renewed the mandate of PwC Bedrijfsrevisoren BV CVBA/Reviseurs d'Entreprises SC SCRL as external statutory auditor for UCB for the legal term of 3 years. The permanent representative designated by PwC for UCB in Belgium is Mr. Romain Seffer.

PwC has been appointed as external statutory auditor in nearly all affiliates of the UCB Group worldwide.

The 2020 fees paid by UCB to its External Auditors amounted to:

	Audit	Other attestation missions	Tax services	Other missions external to the audit	**Total**
PwC (Belgium-statutory auditor)	€ 769 635	€ 128 905		€ 164 826	€ 1 063 366
PwC other related networks	€ 1 532 444	€ 13 953	€ 88 216	€ 183 527	€ 1 818 140
Total	**€ 2 302 079**	**€ 142 858**	**€ 88 216**	**€ 348 353**	**€ 2 881 506**

The mandate of PwC will end at the AGM 2021. By application of the European and Belgian mandatory rotation rules applicable to external auditors, PwC is no longer eligible for re-election as an external Statutory Auditor. As a result, in order to be compliant with the independence rules applicable to the appointment of a new external statutory auditor and in accordance with the applicable European (Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities) and Belgian legislation (including the relevant provisions of the BCCA), commencing in 2018 UCB conducted a process to select a new external Statutory Auditor for the audit mandate commencing with the financial year 2021. The Audit Committee was overall responsible for the selection procedure and make sure it is conducted in a fair manner. For this purpose, and as per the applicable regulation, a Request for Proposal (RFP) tender process was followed under the supervision of the Audit Committee. Procedures were also put in place to preserve the independence of the selected candidates during the 2 years preceding their formal appointment, as per the applicable independence rules. As a result of this comprehensive process, the audit firm Mazars Bedrijfsrevisoren - Réviseurs d'Entreprises CVBA/SCRL, represented by Mr Anton Nuttens ("Mazars") was selected as the most suitable candidate. Upon recommendation of its Audit Committee and approval by the company's works council, the Board will therefore propose the appointment of Mazars as its statutory auditor for a mandate of 3 years (legal term) at the AGM of April 29, 2021.

3.11 Information requested under article 34 of the Royal Decree of November 14, 2007

3.11.1 UCB's capital structure, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to it and the percentage of total share capital that it represents on December 31, 2020

As from March 13, 2014, the share capital of UCB amounts to € 583 516 974, represented by 194 505 658 shares of no-par value, fully paid up. All UCB shares are entitled to the same rights.

There are no different classes of UCB shares (see section 3.2.2).

3.11.2 Restrictions, either legal or prescribed by the articles of association, on the transfer of securities

Restrictions on the transfer of securities only apply to not fully paid-up shares according to article 11 of UCB's Articles of Association (the "Articles of Association") as follows:

("...)

B) any shareholder holding shares not fully paid who wishes to transfer all or part of his shareholding, should notify his intention by registered letter to the Board of directors, indicating the name of the candidate to be approved, the number of shares offered for sale, the price and the proposed terms of sale.

The Board of directors may, by registered letter, oppose this sale within a month of such notification, by presenting another candidate as purchaser to the selling shareholder. The candidate proposed by the Board will have a right of pre-emption on the shares offered for sale, unless the proposed seller withdraws from the sale within 15 days.

The right of pre-emption will be exercisable at a unit price corresponding to the lower of the two following amounts:

- The average closing price of a UCB ordinary share on the "continuous trading market" of Euronext Brussels in the 30 stock exchange working days preceding the notification under the preceding paragraph, reduced by the amount still to be paid up;
- The unit price offered by the third-party proposed for approval.

The above-mentioned notification by the Board of directors shall be taken as notification of the exercise of the right of pre- emption in the name and for the account of the purchasing candidate presented by the Board. The price will be payable within the month of this notification without prejudice to any more favorable conditions offered by the third-party presented for approval.

C) if the Board does not reply within the period of a month from notification set out in the first paragraph of subsection b) above, the sale may take place on conditions no less favorable than those set out in the above-mentioned notification for the benefit of the candidate presented for approval.

(...")

To date, the capital of UCB is fully paid up.

3.11.3 Holders of any securities with special control rights and a description of those rights

There are no such securities.

3.11.4 System of control of any employee share scheme where the control rights are not exercised directly by the employees

There is no such system.

3.11.5 Restrictions, either legal or prescribed by the articles of association, on the exercise of voting rights

The existing UCB shares entitle holders thereof to vote at the General Meeting.

According to article 38 of the Articles of Association, the following restrictions apply:

"Each share gives the right to one vote. Any person or entity who acquires or subscribes to beneficial ownership in shares, whether registered or not, in the capital of the company, conferring a right to vote, will be obliged to declare within the period required by law, the number of shares purchased or subscribed for, together with the total number of shares held, when such number in total exceeds a proportion of 3% of the total voting rights exercisable, before any possible reduction, at a General Meeting. The same procedure will have to be followed each time that the person obliged to make the initial declaration mentioned above increases his voting strength up to 5%, 7.5%, 10% and subsequently for each additional 5% of the total voting rights acquired as defined above or when following the sale of shares, his voting rights fall below one of the limits specified above. The same notification requirements will apply to any instrument, option, future, swap, interest term agreement and other derivative granting its holder the right to acquire existing securities carrying voting rights pursuant to a formal agreement (i.e. an agreement that is binding pursuant to the applicable law) and only on the holders' own initiative. In order for the notification requirements to apply, the holder must either have an unconditional right to acquire existing securities carrying voting rights or be able to make free use of its right to acquire them. A right to acquire securities carrying voting rights is considered to be unconditional if it depends

merely on an event that can be caused to happen or prevented from happening by the holder of the right. These notifications will occur according to the modalities described in the legislation applicable to the disclosure of large shareholdings in issuers whose securities are admitted to trading on a regulated market. Failure to respect this statutory requirement will be able to be penalized in the manner laid down in the applicable articles of the law of 2 May 2007 on the disclosure of shareholdings in issuers whose securities are admitted to trading on a regulated market.

No-one may at a General Meeting cast a greater number of votes than those relating to such shares as he has, in accordance with the above paragraph, declared himself to be holding, at least twenty days before the date of the Meeting." The voting rights attached to UCB shares held by UCB or by its direct or indirect subsidiaries are, as a matter of law, suspended.

3.11.6 Agreements between shareholders which are known to UCB and may result in restrictions on the transfer of securities and/or the exercise of voting rights

UCB has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

3.11.7 A. Rules governing the appointment and replacement of Board members

Under the Articles of Association:

"The Company shall be managed by a Board of Directors having at least three members, whether shareholders or not, appointed by the general meeting for a term ending at the latest at the end of the fourth annual shareholders' meeting following the date their appointment has become effective. The General Meeting can, at all times, end the mandate of each director without any reason and with immediate effect.

Outgoing Directors are eligible for re-election. The period of office of outgoing Directors, who are not re-appointed, ceases immediately on the closing of the Ordinary General Meeting.

The General Meeting shall determine the fixed or variable remuneration of the Directors and the value of their attendance vouchers, to be charged to operating expenses."

The General Meeting decides by a simple majority of votes on these matters.

The rules relating to the composition of the Board of Directors are detailed in section 3.2 of the Charter as follows:

Composition of the Board of Directors

"The Board is of the opinion that a number of between ten and fifteen members is appropriate for efficient decision-making on the one hand, and contribution of experience and knowledge from different fields on the other hand. Such a number also allows for changes to the Board's composition to be managed without undue disruption. This is way within the provisions of the law and the Articles of Association of UCB from which the Board shall be composed of at least three members. The General Meeting of Shareholders decides on the number of Directors, upon proposal of the Board.

A large majority of the Board members are non-executive Directors. The curricula vitae of the Directors and directorship candidates are available for consultation on UCB's website (www.ucb.com). These curricula vitae mention, for each Director, the directorships in other listed companies."

Appointment of Directors (section 3.2.2 of the Charter)

"The Directors are appointed by the General Meeting of Shareholders, following a proposal by the Board, and upon recommendation of the GNCC.

In proposing candidates at the General Meeting of Shareholders, the Board takes particular account of the following criteria:

- a large majority of the Directors are non-executive Board Members;
- at least three non-executive Directors are independent in accordance with the general legal definition, the criteria set out in the 2020 Code, and those adopted by the Board;
- no single Director or group of Directors may dominate decision-making;
- the composition of the Board guarantees diversity of skills, background, age and gender, and contribution of experience, knowledge and ability required for UCB's specialist international activities; and
- candidates are fully available to carry out their functions and do not take more than five directorships in listed companies. Changes to their other relevant commitments and their new commitments outside the Company must be reported to the Chair of the Board and the Company Secretary as they arise.

The GNCC gathers information, allowing the Board to ensure that the criteria set out above have been met at the time of the appointments and renewals and during the term of office.

For each new directorship appointment, the GNCC performs an assessment of existing and required abilities, knowledge and experience on the Board. The profile of the ideal candidate is drawn up based on this assessment and proposed to the Board for discussion and definition.

When the profile is established, the GNCC selects candidates that fit the profile in consultation with the Board members (including the Chair of the Executive Committee) and possibly using a recruitment firm. Recommendation of final candidates is made by the GNCC to the Board. When making such recommendation, relevant information is provided to the Board (such as curriculum vitae, assessment, a list of the positions held and, if applicable, any necessary information about the candidate's independence).

The Board decides on the proposals to be submitted to Shareholders' approval."

Duration of mandates and age limit

'"Directors are appointed by the General Meeting of Shareholders for a maximum four-year term, and their terms may be renewed.

Moreover, an age limit of seventy has been stipulated. A director shall give up his/her current term the day of the Annual General Meeting of Shareholders following his/her 70th birthday. The Board may propose exceptions to that rule."

Procedure for appointment, renewal of terms

"The process of appointment and re-election of Directors is led by the GNCC, which makes recommendation to the Board and strives to maintain an optimum level of abilities and experience within UCB and its Board.

The proposals for appointment, renewal, resignation or possible retirement of a Director are examined by the Board based on a recommendation from the GNCC.

The GNCC assesses for each of the Directors who are candidate for re-election at the next General Meeting of Shareholders, their commitment and effectiveness and makes recommendations to the Board regarding their re-election. Special attention is given to the evaluation of the Chair of the Board and the Chairs of the Board committees.

The assessment is conducted by the Chair of the GNCC and the Vice Chair of the Board or another member of the GNCC, who have meetings with each of the Directors in their capacity as a Director and, as the case may be, as Chair or member of a Board Committee. For the Chair of the Board and of the GNCC, the assessment is conducted by the Vice Chair of the Board and a senior independent Director. The sessions are based on a questionnaire and cover the Director's role in the governance of the Company and the effectiveness of the Board, and, amongst others, how they evaluate their commitment, contribution and constructive involvement in the discussions and decision-making.

Feedback is given to the GNCC who then reports to the Board and makes recommendations as to the proposed re-election.

The Board submits to the General Meeting of Shareholders its proposals concerning the appointments and renewals of Directors. These proposals are communicated to the General Meeting of Shareholders as part of the agenda of the relevant shareholders meeting.

The General Meeting of Shareholders resolves on each proposed appointment of Directors separately and the proposals of the Board in this area are resolved by a majority of the votes.

In the event of a vacancy during a term, the Board is empowered to fill the post and to allow its decision to be ratified at the next General Meeting of Shareholders.

The Board ensures that there is a succession planning for Board members in place.

Proposals for appointment state whether or not the candidate is proposed as an executive Director, define the term proposed for the mandate (i.e., not more than four years, in accordance with the Articles of Association), and indicate the place where all useful information in relation to the professional qualifications of the candidate, in addition to the main functions and directorships of the candidate, may be obtained or consulted.

The Board also indicates whether the candidate meets the independence criteria stipulated in the BCCA and the 2020 Code, such as the fact that a Director, in order to qualify as "independent" may not hold a mandate for a total term of more than twelve years as a non-executive Board member. The proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

These provisions also apply to proposals for appointments proposals originating from shareholders.

The proposals for appointment are available on UCB's website (www.ucb.com)."

The Charter additionally stipulates that a Director qualifies as independent if he or she has not had business or other relations with the UCB group which could compromise his/her independent judgement. In the assessment of this criterion, significant status as customer, supplier or shareholder of the UCB Group is taken into consideration by the Board on an individual basis.

3.11.7. B. Rules governing the amendment of UCB's articles of association

The rules governing the amendment of the Articles of Association are set by the BCCA.

The decision to amend the Articles of Association has to be made by a general meeting, provided that at least 50% of the share capital of UCB is present or represented at the meeting, in principle with a majority of 75% of the votes cast.

If the attendance quorum is not met at the first Extraordinary General Meeting, a second General Meeting can be convened and will decide without any attendance quorum having to be reached.

In exceptional circumstances (for example amendment of the object of the company, changing of rights of securities), additional attendance and voting requirements may be applicable.

3.11.8 Powers of the Board of Directors, in particular to issue or buy back shares

Powers of the Board of Directors

The Board is UCB's governing body. It has the power to take decisions on all matters which the law does not expressly attribute to the general meeting of shareholders.

The Board has kept responsibility for certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (further detailed in the Charter). In all matters for which it has exclusive responsibility, the Board works in close cooperation with the Executive Committee, which in particular is responsible for preparing most of the proposals for decisions by the Board.

The Board's authorizations to issue or buy back shares

The Extraordinary General Meeting of April 30, 2020 decided to renew (see also above):

- the authorization of the Board (and to amend the Articles of Association accordingly), for another period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits and under the conditions as set out above under section 3.2.4 Authorized capital, and
- the authorization of the Board, for another period of 2 years starting on July 1, 2020 and expiring on June 30, 2022, to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of Company's shares as calculated on the date of each acquisition, within the limits and under the conditions as set out above under 3.2.3 Treasury shares. The previous authorization of the Board granted by the Extraordinary General Meeting of April 26, 2018 remained valid until June 30, 2020.

3.11.9 Significant agreements to which UCB is a party and which take effect, alter or terminate upon a change of control of UCB following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to UCB; this exception shall not apply where UCB is specifically obliged to disclose such information on the basis of other legal requirements

- Facility agreement in the amount of € 1 billion between, amongst others, UCB SA/NV, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Filiale Luxemburg, ING Belgium SA/NV and Mizuho Bank Europe N.V. as coordinating bookrunners, Banco Santander, S.A., Paris Branch, Bank of America Merrill Lynch International Limited, The Bank of Tokyo- Mitsubishi UFJ, Ltd., Paris Branch, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, filiale Luxemburg, Crédit Agricole Corporate and Investment Bank, Belgian Branch, ING Belgium SA/NV, Intesa SanPaolo Bank Luxembourg S.A, Amsterdam branch, KBC Bank NV, Mizuho Bank Europe N.V., Sumitomo Mitsui Banking Corporation and The Royal Bank of Scotland PLC, as mandated lead arrangers, and Wells Fargo Bank International Unlimited Company as lead arranger, dated November 14, 2009 (as amended and restated on November 30, 2010, on October 7, 2011, on January 9, 2014, on January 9, 2018 and for the last time on December 5, 2019), which change of control clause was last approved by the General Meeting of April 30, 2020, according to which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV.
- Euro Medium Term Note Program dated March 6, 2013, with last update of the base prospectus per October 22, 2019, for an amount of up to € 3 billion (the "EMTN Program"), providing for a change of control clause (condition 5 (e) (i)) under which, for any Notes issued thereunder where a change of control put clause is included in the relevant final terms, any holder of such Note and following a change of control of UCB SA/NV, has a right to redeem that Note by exercising

- such put right. The following notes have been issued under the EMTN Program by UCB NV/SA and are/were subject to the above described change of control clause:
    - o Institutional bond 4.125% due January 4, 2021 in the amount of € 350 million issued on October 4, 2013;
    - o Institutional bond 1.875% due April 2, 2022 in the amount of € 350 million issued on April 2, 2015;
    - o Private placement bond 1.000% due October 1, 2027 in the amount of € 150 million issued on October 1, 2020.

Pursuant to article 7:151 of the BCCA, the above described change of control clause provided for in the EMTN Program of March 6, 2013 has been approved by the General Meetings of April 25, 2013, April 24, 2014, April 30, 2015, April 28, 2016, April 27, 2017, April 26, 2018, April 25, 2019 and April 30, 2020 in respect of any series of Notes to be issued under the EMTN Program within the 12 months following such respective General Meetings and to which such change of control has been made applicable. A similar approval pursuant to article 7:151 of the BCCA will be submitted to the General Meeting of April 29, 2021 in respect of any series of Notes to be issued under the EMTN Program from April 29, 2021 until April 28, 2022, if any, and to which, as the case may be, such change of control would be made applicable.

- Senior unsecured retail bonds of UCB SA/NV issued on October 2, 2013 and maturing October 2, 2023 in the amount of € 175 717 000 bearing a 5.125% fixed rate, and which states that in case of change of control (as defined in the terms and conditions of the offering) the bondholders have the right to require the issuer to redeem such bonds. This change of control clause was approved at the general meeting of April 24, 2014.
- Facility agreement in the amount of € 75 million/US$ 100 million between UCB SA/NV as borrower and the EIB, dated June 16, 2014, as amended and restated on October 20, 2016 with effect as of October 21, 2016, of which the change of control clause was approved by the General Meeting of April 24, 2014, and whereby the loan, together with accrued interests and all other amount accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.
- EIB co-development agreement in the amount of € 75 million entered with the EIB and of which the change of control clause has been approved by the General Meeting of April 24, 2014 and whereby such agreement can be terminated by the EIB in the event of a change of control of UCB SA/NV and UCB SA/NV may be bound to pay a termination payment corresponding, depending on the circumstances, to all, part of or an increased amount (capped at up to 110%) of the funding received from the EIB.
- A term facility agreement in the amount of US$ 2 070 million between, amongst others, UCB SA/NV and UCB Biopharma SRL, as borrowers, and BNP Paribas Fortis SA/NV and Bank of America Merrill Lynch International Designated Activity Company as bookrunners dated October 10, 2019 with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV. The General Meeting of April 30, 2020 has approved this change of control clause in accordance with article 7:151 of the BCCA.
- The UCB stock awards and performance share plans by which UCB shares are granted annually by UCB to certain employees according to grade and performance criteria, vest according to the rules of both plans after three years, upon condition that its beneficiary remains in continuous employment with the UCB group. They also vest upon change of control or merger. The General Meeting of April 25, 2019 has approved this change of control clause in all existing and future UCB LTI plans. On December 31, 2020, the following number of stock awards and performance shares are outstanding:

- 2 581 866 Stock awards, of which 737 869 will vest in 2021;
- 419 460 Performance shares, of which 87 251 will vest in 2021.

The change of control clauses in the Executive Committee members' contracts, as further described in the Remuneration Report (section 3.7).

3.11.10 Agreements between UCB and its Board members or employees providing for compensation if the Board members resign or are made redundant without valid reason or if the employment of the employees ceases because of a takeover bid

For more details, see the Remuneration Report section (3.7) on the main contractual terms on hiring and termination arrangements for the CEO and members of the Executive Committee. No other agreements provide for a specific compensation of Board members in case of termination because of a takeover bid.

In addition to the Executive Committee members identified in section 3.7, at the end of 2020 only one employee outside the U.S. benefited from a change of control clause that guarantees his termination compensation if his employment is terminated following a public takeover bid.

3.12 Conflicts of interest – Application of article 7:96 of the Belgian Code of Companies and Associations

EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON 19 FEBRUARY 2020

Article 7:96 of the BCCA was applied by the Board of February 19, 2020 in the context of the decisions relating to the CEO remuneration, the performance bonus and LTI grants (relevant excerpt from the minutes of the meeting)

("...)

Prior to any deliberation or decision by the Board of Directors concerning the approval of the 2019 bonus pay-out, the LTI vesting and the 2020 LTI plans, metrics and grants, the approval of the CEO bonus based on 2019 performance, the CEO 2020 base salary and the CEO 2020 LTI grant (including stock options, stock awards and performance shares), J.-C. Tellier stated that he had a direct financial interest in the implementation of said decisions (items 5.1 to 5.3). In accordance with Art. 7:96 of the BCCA, he withdrew from the meeting of the Board of Directors in order to not participate in the deliberation and vote relating to these issues. The Board of Directors established that Art. 7:96 of the BCCA was applicable to these operations. J.-L. Fleurial also left the room before any deliberation or decision on these issues.

5.1. Corporate Results 2019 bonus payout/LTI award vesting and 2020 Targets

Decision: After review, the Board unanimously RESOLVED to approve the recommendations of the Governance, Nomination and Compensation Committee ('GNCC') relating to (i) the 2019 bonus payout (Corporate Performance Multiplier or "CPM") based on the year end 2019 results (Adjusted EBITDA), (ii) the Adjusted EBITDA target for 2020 bonus payout and (iii) the metrics used for the Performance Share Plan 2020-2022 (payout 2023). It further endorsed the vesting (and total payout) in 2020 relating to the 2017-2019 Performance Share Plan as well as the stock award vesting for the 2017-2019 plan (payout 2020).

The Board further RESOLVED to approve an exceptional additional bonus of € 3.5m (addition to the budget) to take into account a challenging year for employees with the PVS evolution, with many employee departures and uncertainty, combined with solid results for short-term performance and several other important successes which are not fully reflected in the CPM. The additional budget is excluded from the Adjusted EBITDA figure for the CPM calculation above (but is included in the overall results).

5.2 UCB Long Term Incentives Grants in 2020

Decision: Upon recommendation of the GNCC, the Board unanimously RESOLVED to approve the following Long-Term Incentive Plans and the main terms and conditions thereof:

- UCB stock option plan 2020: Issue of 718 000 stock options, in principle on April 1, 2020 unless exceptional circumstances, for approximately 415 employees (not taking into consideration employees hired or promoted to eligible levels between January 1, 2020 and April 1, 2020).

  The exercise price of these options will be the lower of (i) the average of the closing price over the 30 calendar days preceding the offer (i.e. in principle from March 1-31, 2020) or (ii) the closing price of the day preceding the offer (in principle March 31, 2020).

  UCB will determine a different exercise price for those eligible employees subject to legislation which requires a different exercise price. Stock options will have a vesting period of 3 years as of the date of grant, except for countries where this is not allowed or is less favorable.

- Stock awards and Performance Shares ("PSP") grants 2020 – 2022: Allocation of an initial amount of 1 361 000 shares of which:

  - an estimated number of 802 000 shares (stock awards) to eligible employees, namely to about 1 961 employees (excluding new hires and promoted employees up to and including April 1, 2020), according to the applicable allocation criteria. These free shares will be allocated if and when the eligible employees are still employed with the UCB Group 3 years after the grant of awards;

  - an estimated number of 204 000 shares to Upper Management employees for the Performance Share Plan 2020, namely to about 139 individuals, according to the applicable allocation criteria. These free shares will be delivered after a 3-year vesting period and the number of shares actually allocated will vary from 0% to 150% of the number of shares initially granted depending on the level of achievement of the performance conditions set by the Board of UCB SA/NV prior to the moment of the grant;

- exceptionally for 2020, an estimated transition grant of 355 000 shares to be granted to certain employees, due to a market re-alignment of the LTI policy. This one-time grant is to be made to employees who experience a reduction in grant value when comparing the previous and new Long-Term Incentive policy. These additional free shares are to be granted in 2020 and will vest in 3 tranches, on a diminishing basis, between 2023 and 2025, if the eligible employees are still employed within the UCB Group on the respective annual vesting dates.

The estimated figures under (i) and (ii) do not take into account employees hired or promoted to eligible levels between January 1, 2020 and April 1, 2020.

- It was acknowledged that the financial impact for the Company of the granting of options is linked to the difference between the acquisition cost of own shares by the Company (or the share price at vesting date for cash settled plans) on the one hand and the strike price of the options paid to the Company by the beneficiary upon exercise of the options on the other hand. For the stock awards and the PSP, the financial impact corresponds to the value of the UCB shares at the time of acquisition by the Company in view of delivery, or at the time of vesting for cash settled plans.

- The Board further decided to delegate all powers to the members of the Executive Committee, acting jointly two by two and with faculty of sub-delegation, to do whatever is necessary, required or useful to execute and implement the above decisions, including the finalization of all required documentation, the actual grant decision, the final terms and conditions and modalities of the plans and incentives.

5.3 CEO compensation and LTI

Decision: Upon recommendation of the GNCC, the Board unanimously approved the following compensation for the CEO performance:

- CEO base salary as of 01.03.2020: € 1 143 233 (against € 1 109 935 in 2019);
- CEO bonus pay-out 2020 (performance 2019): € 1 368 750;
- CEO LTI 2020:
- stock options: 40 214 (3 years and 9 months vesting);
- performance shares: 27 024 (3-years vesting).

Although not a conflict of interest within the meaning of 7:96 of the BCCA, it can also be noted that Evelyn du Monceau withdrew from the deliberations and votes of the Board related to the appointment of Fiona du Monceau. Similarly, Jean-Christophe Tellier withdrew from the discussion and voting regarding his proposed appointment in major external bodies (IFPMA and BCR).

(...")

3.13 Comply or explain principle (application of article 3:6, §2, 2° of the BCCA)

The Remuneration report (see above) explains how section 7 of the 2020 Code is being applied. UCB's policy relating to the Board compensation deviates from the rules in this section to the extent UCB non-executive Board members are not compensated in shares (rule 7.6 of the 2020 Code).

Financials

Reaching our financial ambitions goes hand-in-hand with our focus on sustainability. In 2020, we continued to grow our business, achieving a strong financial performance.

1. Business performance review

1.1 Key highlights

€ million	Actual[1] 2020	Actual[1] 2019	Variance Actual rates	Variance CER[2]
Revenue	**5 347**	**4 913**	**9%**	**8%**
Net sales	5 052	4 680	8%	7%
Royalty income and fees	96	78	22%	25%
Other revenue	199	155	28%	29%
Gross Profit	**3 984**	**3 645**	**9%**	**8%**
Marketing and selling expenses	-1 221	-1 108	10%	12%
Research and development expenses	-1 569	-1 272	23%	24%
General and administrative expenses	-196	-195	1%	2%
Other operating income/expenses (-)	95	48	98%	100%
Adjusted (recurring) EBIT	**1 093**	**1 118**	**-2%**	**-8%**
Impairment, restructuring and other income/expenses (-)	-122	-50	>100%	>100%
EBIT (operating profit)	**971**	**1 068**	**-9%**	**-14%**
Net financial expenses	-93	-107	-13%	-12%
Share of profit/loss (-) of associates	2	-1	>-100%	>-100%
Profit before income taxes	**880**	**960**	**-8%**	**-14%**
Income tax expenses	-119	-146	-19%	-16%
Profit from continuing operations	**761**	**814**	**-7%**	**-14%**
Profit/loss (-) from discontinued operations	0	2	-94%	-94%
Profit	**761**	**817**	**-7%**	**-14%**
Attributable to UCB shareholders	732	792	-7%	-15%
Attributable to non-controlling interests	29	25	16%	18%
Adjusted (Recurring) EBITDA	**1 441**	**1 431**	**1%**	**-4%**
Capital expenditure (including intangible assets)	349	294	19%	
Net financial cash/debt (-)	-1 411	12	>100%	
Operating cash flow from continuing operations	1 081	893	21%	
Weighted average number of shares – non diluted (million)	**189**	**187**	**1%**	
EPS (€ per weighted average number of shares – non diluted)	**3.87**	**4.23**	**-8%**	**16%**
Core EPS (€ per weighted average number of shares – non diluted)	**5.36**	**5.20**	**3%**	**-2%**

1 Due to rounding, some financial data may not add up in the tables included in this management report.

2 CER: constant exchange rates and excluding hedging.

- **Revenue** in 2020 reached € 5 347 million up by 9% (+8% at constant exchange rates (CER)). **Net sales** went up to € 5 052 million by 8% (+7% CER). Net sales before "designated hedging reclassified to net sales" were up by 5% (+7% CER). This growth was driven by the enduring growth of UCB's core products. Royalty income and fees were € 96 million, other revenue € 199 million.
- **Adjusted (recurring) EBITDA** was driven by higher marketing and selling – due to launches and pre-launch activities – higher research and development expenses – due to additions to the pipeline and the pipeline progress – compensated by positive other operating earnings due to partnering, reaching € 1 441 million (+1%; -4% CER).

- **Profit** decreased to € 761 million from € 817 million (-7%, -14% CER), of which € 732 million is attributable to UCB shareholders and € 29 million to non-controlling interests.

- **Core earnings per share** reached € 5.36 after € 5.20 in 2019 based on an average of 189 million shares outstanding.

This Business Performance Review is based on the consolidated financial statements for the UCB Group of companies prepared in accordance with IFRS. The separate statutory financial statements of UCB SA prepared in accordance with Belgian Generally Accepted Accounting Principles, together with the report of the Board of Directors to the General Assembly of Shareholders, as well as the auditors' report, will be filed at the National Bank of Belgium within the statutory periods, and be available on request or on our website.

Scope change: As a result of the divestment of the activities Films (September 2004), Surface Specialties (February 2005), and the divestiture of Kremers Urban Pharmaceuticals Inc. (November 2015), UCB reports the results from those activities as a part of profit from discontinued operations.

Restructuring, impairment and other income/expenses (-): Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("restructuring, impairment and other income/expenses" items).

Besides EBIT (earnings before interest and taxes or operating profit), a line for **"adjusted (recurring) EBIT"** (underlying operating profit), reflecting the ongoing profitability of the company's biopharmaceutical activities, is included. The adjusted (recurring) EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements. In compliance with the ESMA Alternative Performance Measures guidelines, "recurring EBITDA" was renamed into "adjusted EBITDA". The calculation methodology remains unchanged.

Core EPS is the core profit, or the profit attributable to the UCB shareholders, adjusted for the after-tax impact of restructuring, impairment, other income/expense items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, per non-dilutive weighted average number of shares.

1.2 Key events

There were several key events that have affected or will affect UCB financially:

Impact of COVID-19 pandemic
At UCB, we are directing our actions to support our partners in society. Our colleagues and the patients we serve are our first priority. We are also concerned about the impact of the pandemic on our communities. We have therefore prioritized our assistance to our employees, patients and our communities by:

- Ensuring that our employees are safe and supported financially,

- Keeping patients at the heart with availability and access to their UCB medicines as a priority,

- Helping our local communities with targeted financial support and in-kind donations, and contribution to scaling up local diagnostic testing capabilities,

- Giving extended payment terms to some vendors,

- Joining forces on global response by leveraging our scientific expertise to contribute to research projects worldwide. We are acknowledging the long-term impact of the pandemic and have set up a global fund to understand and address the long-term effect of COVID-19 on vulnerable populations' health.

These initiatives did not have a material impact on our financial situation.

UCB will continue to put measures in place in order to protect the health of its employees and stakeholders worldwide especially its patients, while remaining focused on ensuring business critical activities are properly maintained.

UCB is not considering applying for public support measures. UCB does not plan any renegotiation of major contracts.

For the current impact on financial performance, financial position and cash-flows (liquidity position and liquidity risk management strategy), impact on revenues, we refer to Note 2 of this financial report.

As the expected future impact of the COVID-19 pandemic on UCB's financial performance, financial position and cash-flows is assessed as being low, no special or additional contingency measures are planned to mitigate the expected future impact of this pandemic.

Our existing risk management processes are comprehensive and therefore no material unaddressed risks or uncertainties were identified compared to the ones mentioned in the Risk Management section of the 2020 Integrated Annual Report.

1.2.1 Important agreements/initiatives

April 2020 – Closing of the Ra Pharma acquisition
In October 2019 UCB announced the agreement to acquire Ra Pharmaceuticals. On April 2, 2020 UCB announced that the acquisition of Ra Pharmaceuticals, Inc. has been successfully completed and Ra Pharma is now a wholly-owned subsidiary of UCB. The former Ra Pharma shareholders received US$ 48 in cash for each Ra Pharma share held at closing. (approximately US$ 2.3 billion/ € 2.1 billion. Total transaction value of approximately US$2.0 billion/ € 1.9 billion (net of Ra Pharma cash).

This acquisition should enhance UCB's leadership potential in myasthenia gravis by adding *zilucoplan*, a peptide inhibitor of complement component 5 (C5) currently in Phase 3, to the UCB pipeline alongside to UCB's *rozanolixizumab*, an FcRn targeting antibody also in Phase 3. *Zilucoplan* is a novel investigational molecule also being evaluated in other complement-mediated diseases including amyotrophic lateral sclerosis (ALS) and immune-mediated necrotizing myopathy (IMNM). UCB will develop and, if approved, plans to launch *zilucoplan* worldwide, accelerating and diversifying company growth. The acquisition of Ra Pharma will also accelerate UCB's long-term innovation capabilities through the addition of Ra Pharma's proprietary ExtremeDiversity™ technology platform.

The acquisition is expected to be Core EPS accretive from 2024 onwards and to enable accelerated top and bottom line growth for UCB from 2024 onwards.

June 2020 – UCB acquires Engage Therapeutics: Staccato® *Alprazolam*
Engage Therapeutics, Inc. (Summit, N.J. (U.S.)), is a clinical-stage pharmaceutical company developing Staccato® *Alprazolam* for the rapid termination of an active epileptic seizure, for US$ 125 million in cash (subject to certain adjustments) and up to US$ 145 million in further potential milestone payments related to clinical development, submission and launch of Staccato® *Alprazolam*.

Staccato® *Alprazolam* is an investigational drug (Phase 2b) designed to be used as a single-use epileptic seizure rescue therapy that combines the Staccato® delivery technology with *alprazolam*, a benzodiazepine. It is a small, hand-held inhaler device designed for easy delivery of *alprazolam* with a single normal breath potentially providing a way for people with epilepsy and their caregivers to stop an active seizure. The Staccato® system rapidly vaporizes *alprazolam* to form an aerosol, with particle size designed for deep lung delivery to produce a rapid, systemic effect.

Engage Therapeutics acquired worldwide rights to Staccato® *Alprazolam*. in 2017 under a license agreement with Alexza Pharmaceuticals Inc., Mountain View, CA (U.S.). In connection with the acquisition, UCB has also entered into an updated license and related commercial supply agreement with Alexza, under which the parties will continue to collaborate in the development and commercialization of Staccato® *Alprazolam*.

July 2020 – UCB and Ferring Pharmaceuticals Inc. have entered into a co-promotion agreement
UCB and Ferring Pharmaceuticals Inc. have entered into a co-promotion agreement to commercialize the prefilled syringe formulation Cimzia® (*certolizumab pegol*) in the U.S. for the treatment of Crohn's disease (CD). Ferring will take over marketing, sales promotion, and field medical affairs responsibilities. UCB will continue to be responsible for all product-related activities, including revenue recognition. UCB will continue to promote and to commercialize the lyophilized formulation of Cimzia® for all indications as well as the prefilled syringe formulation for the rheumatology and dermatology indications.

July 2020 – UCB announced an agreement with Roche and Genentech
UCB announced an agreement to enter into a worldwide, exclusive licence agreement with Roche and Genentech, a member of the Roche Group, for the global development and commercialization of *bepranemab* (UCB0107) in Alzheimer's disease (AD). *Bepranemab* is an investigational monoclonal antibody drug being developed by UCB as a potential treatment for patients with tauopathies such as progressive supranuclear palsy (PSP) and Alzheimer's disease.

UCB provides an exclusive, worldwide license to Roche and Genentech to develop and commercialize *bepranemab* in AD. In return, UCB receives an initial upfront payment of US $120 million. UCB will fund and perform a proof-of-concept study in AD and, upon availability of the results of that study, Genentech has the right to progress with the development or return full rights back to UCB. After Genentech's decision to proceed with further clinical development, UCB will be eligible to receive further potential cost reimbursement, development and sales milestone payments as well as royalties with a total potential consideration approaching US $2 billion upon receipt of certain regulatory approvals and satisfying certain clinical and sales milestones.

October 2020 – UCB acquires a new campus for its U.K. operations
UCB acquires a new campus located in Windlesham, Surrey for its U.K. operations supporting cutting-edge research and development, early manufacturing and commercialization of medicines. The acquisition reflects UCB's commitment to retain the U.K. as one of its three global hubs for research and development, alongside Belgium and the U.S. UCB's projected investment in the U.K., including this site, will be more than £1 billion over five years and the transition to this new facility will support more than 650 high-value jobs in scientific research, translational medicine, clinical development, early manufacturing and commercial roles.

November 2020 – UCB acquires Handl Therapeutics
UCB acquires Handl Therapeutics, a rapidly growing and transformative gene therapy company based in Leuven, Belgium and enters into **a new collaboration with Lacerta Therapeutics**, a Florida based clinical stage gene therapy company. The new acquisition and collaboration will together serve to rapidly accelerate UCB's ambition in gene therapy.

Founded in 2019, Handl Therapeutics BV has a vision to deploy the power of disease modifying in vivo gene therapy to treat complex neurodegenerative diseases through AAV capsid technology. Operating in a highly collaborative manner, Handl Therapeutics BV has built a strong international network to access global capabilities and expertise. To this end, it combines state of the art technology platforms and scientific advances licensed from KU Leuven (Belgium), Centre for Applied Medical Research (CIMA Universidad de Navarra, Spain), University of Chile (Chile) and King's College London (UK) to address unmet medical needs. The Handl Therapeutics team will continue to be based in Leuven, Belgium, and will work very closely with UCB's international research teams.

The new collaboration with Lacerta Therapeutics underlines UCB's strategic focus in gene therapy to fulfil its Patient Value Ambition. These transactions build upon the strategic acquisition of Element Genomics, Inc. (acquired in 2018) that strengthened UCB's genomics and epigenomics research platforms aiding the identification of novel drug targets.

Founded in 2017, and a spin-off from the University of Florida, Lacerta Therapeutics' mission is to make AAV-based therapies available for all patients with rare and serious neurological disorders. The research collaboration and licensing agreement with UCB will focus on a central nervous system (CNS) disease with a high unmet need. Lacerta Therapeutics will lead research, preclinical activities and the early manufacturing process development, while UCB will complete IND-enabling studies, manufacturing and clinical development. This new collaboration will allow UCB to access Lacerta Therapeutics' expertise in AAV-based CNS targeted gene therapies, fortifying UCB's ability to produce effective treatments for neurodegenerative diseases.

1.2.2 Regulatory update and pipeline progress

Regulatory update
January 2020 – **Cimzia® (*certolizumab pegol*)** was approved by the Japanese health authorities for the treatment of plaque psoriasis, psoriatic arthritis, pustular psoriasis and psoriatic erythroderma for which existing treatment methods are not sufficiently effective. The approval makes Cimzia® the first Fc-free, PEGylated anti-TNF treatment option now available for these patients in Japan.

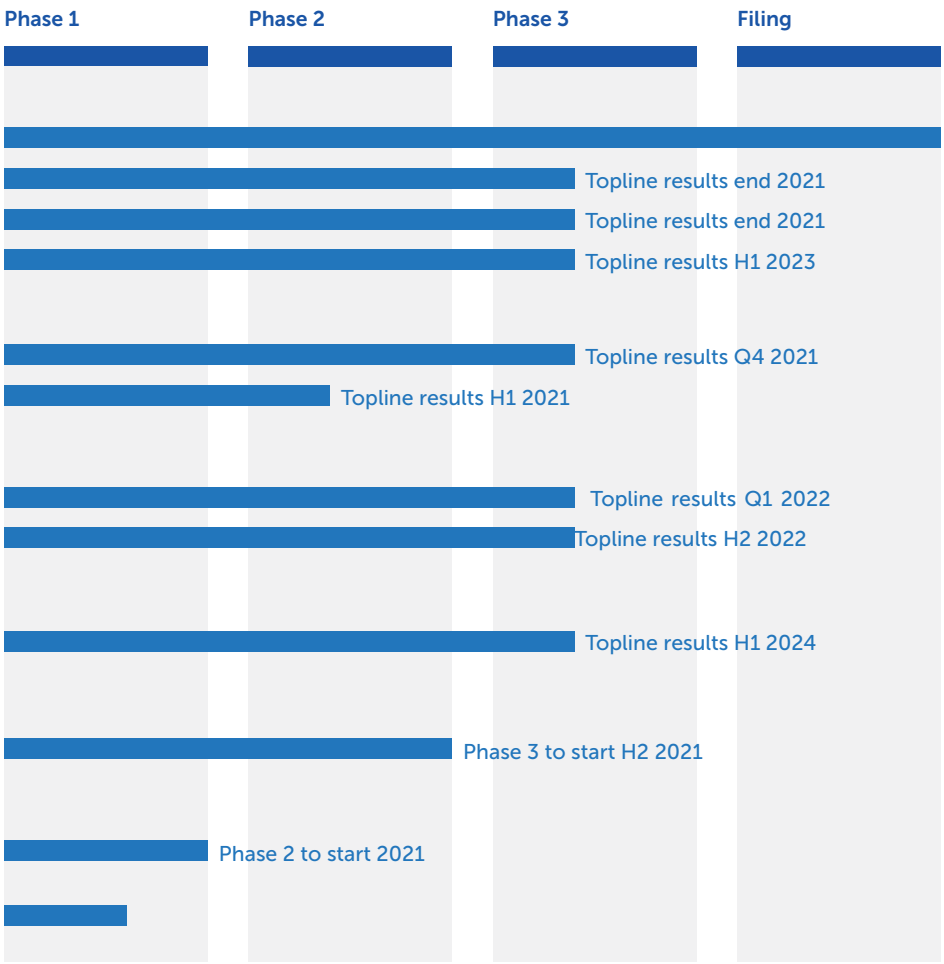
During the first quarter 2020, **Vimpat® (*lacosamide*)** CV for the adjunctive treatment of primary generalized tonic-clonic seizures (PGTCS) in study participants 4 years of age and older was filed with the U.S., EU and Japanese regulatory agencies. In October 2020, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has adopted a positive opinion on a license extension for the anti-epileptic drug Vimpat® as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures in adults, adolescents and children from 4 years of age with idiopathic generalized epilepsy – approved in the European Union in December 2020. In November 2020, the U.S. Food and Drug Administration (FDA) has approved Vimpat® as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures (PGTCS) in patients four years of age and older and VIMPAT injection for intravenous use in children four years of age and older.

September 2020 – The U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) accepted marketing application submissions for ***bimekizumab*** for the treatment of adults with moderate to severe plaque psoriasis.

Pipeline progress
In March 2020, the evolving COVID-19 pandemic led UCB to pause new patient recruitment into ongoing clinical studies and to delay all new study starts. As from end-May 2020, UCB began to restart clinical study recruitment, including new study starts, at clinical trials sites that meet the restart criteria. This has led to some delays of UCB's clinical studies.

The updated timelines for UCB's clinical development program, also reflecting regulatory update and pipeline progress from January 1, 2020 up to the publication of date of this report, is shown below. UCB continues to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.

Our pipeline



IMNM: Immune-Mediated Necrotizing Myopathy
* In partnership with Biogen

Zilucoplan in COVID-associated ARDS by University of Ghent (Belgium), Medical Research Council (U.K.) & COMMUNITY Trial (U.S.)
Zilucoplan in amyotrophic lateral sclerosis (ALS) by HEALEY ALS Platform Trial

Bimekizumab

In September 2020, the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMA) accepted marketing application submissions for *bimekizumab* for the treatment of adults with moderate to severe plaque **psoriasis**. This accepted submission is supported by a robust data package including three Phase 3 studies which demonstrate superiority of *bimekizumab* to placebo, Stelara® (*ustekinumab*) and Humira® (*adalimumab*) in achieving skin clearance at week 16.

In July 2020, the phase 3b study BE RADIANT, comparing *bimekizumab* to Cosentyx® (*secukinumab*) for the treatment of adults with moderate-to-severe plaque psoriasis, met all co-primary and ranked secondary endpoints, achieving significantly greater efficacy than *secukinumab*.

The Phase 3 programs in **psoriatic arthritis (PsA)** and **ankylosing spondyloarthritis (AS)** are ongoing with first results expected in Q4 2021.

Based on the positive proof-of-concept study, in February 2020, UCB decided to move into late stage development with *bimekizumab* also in moderate to severe **hidradenitis suppurativa (HS)**, a severe inflammatory skin disease, affecting predominantly women (Phase 3 program BE HEARD). First headline results are expected in H1 2023.

Zilucoplan
With the successful completion of the Ra Pharma acquisition in April 2020, *zilucoplan* was added to UCB's pipeline. *Zilucoplan* is a peptide inhibitor of complement component 5 (C5) currently in Phase 3 in **general myasthenia gravis (gMG)** with first results expected in Q4 2021 and currently in phase 2a in **immune-mediated necrotizing myopathy (IMNM)** with first results expected in H1 2021.

Zilucoplan is also being investigated in **amyotrophic lateral sclerosis (ALS)** by HEALEY ALS Platform Trial and in **COVID-associated ARDS (acute respiratory distress syndrome)** by University of Ghent (Belgium), the Medical Research Council (U.K.) and by COMMUNITY, a global platform trial for hospitalized patients with COVID-19 by COVID R&D Alliance (Amgen Inc., Takeda Pharmaceutical Co. Ltd. and UCB).

Rozanolixizumab
UCB is focusing its resources to new patient populations with autoantibody mediated neuro-inflammation and high unmet medical need. With these patients potentially benefitting from *rozanolixizumab*, UCB is preparing the start of two clinical programs already during 2021 – next to the ongoing Phase 3 studies in **generalized myasthenia gravis (gMG)** and **immune thrombocytopenia (ITP)**. People living with **chronic inflammatory demyelinating polyneuropathy (CIDP)** are a heterogenous and complex patient population, with approximately only 30% having detectable autoantibodies. While the phase 2a study in CIDP patients supports the conduct of a confirmatory clinical study, UCB decided to prioritize autoantibody mediated neuro-inflammation indications over CIDP.

Dapirolizumab pegol: in August 2020, UCB and its partner, Biogen, included the first patients into the Phase 3 program with *dapirolizumab pegol* in patients with active **systemic lupus erythematosus (SLE)** despite standard-of-care treatment. First headline results are expected in H1 2024.

Staccato® *Alprazolam* was added to UCB pipeline by the acquisition of Engage Therapeutics and designed to be used as a single-use **epileptic seizure rescue therapy** that combines the Staccato® delivery technology with alprazolam, a benzodiazepine. The Phase 3 program is expected to start in the second half of 2021.

***Bepranemab* (UCB0107):** Initiation of a Phase 2 study in **Alzheimer's disease (AD)** is planned for mid-2021, following the partnership agreement with Roche/Genentech. This will allow to evaluate the potential of *bepranemab* in a tau-mediated disease and subsequently explore options in different tauopathy populations, including progressive supranuclear palsy (PSP).

Padsevonil: Top-line results from ARISE, the first of two adequate and well-controlled studies, investigating the efficacy and safety of padsevonil for the treatment of observable **focal-onset seizures** in adults with drug-resistant epilepsy did not reach statistical significance for either of the primary endpoints. *Padsevonil* was generally well-tolerated and its safety profile was consistent with that seen in earlier studies. Further analysis of the data led UCB to the decision to terminate the *padsevonil* program as it did not offer sufficient benefit for people living with epilepsy over existing anti-epileptic treatment options.

All other clinical development programs are continuing as planned.

1.3 Net sales by product

	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Cimzia®	1 799	1 712	5%	7%
Vimpat®	1 451	1 322	10%	12%
Keppra® (including Keppra® XR/E Keppra®)	788	770	2%	5%
Neupro®	311	319	-2%	-1%
Briviact®	288	221	31%	33%
Nayzilam®	26	0	N/A	N/A
Evenity®	2	0	N/A	N/A
Established Brands	358	440	-19%	-16%
Net sales before hedging	**5 023**	**4 784**	**5%**	**7%**
Designated hedges reclassified to net sales	29	-104	>-100%	
Total net sales	**5 052**	**4 680**	**8%**	**7%**

Total net sales in 2020 increased to € 5 052 million, 8% higher than last year or +7% at constant exchange rates (CER; +8% at CER and adjusted for divestiture). Net sales before "designated hedging reclassified to net sales" were up by 5% (+7% CER).

The growth in 2020 was driven by the resilient UCB product portfolio – despite the pandemic – driving company growth.

Two medicines were added to the UCB portfolio:

- In December 2019, UCB launched **Nayzilam® (*midazolam*)** Nasal Spray[CIV], the first and only nasal rescue treatment for epilepsy seizure clusters in the U.S.
- Starting in March 2020, **Evenity® (*romosozumab*)** had its first European launches under pandemic conditions for the treatment of severe osteoporosis in post-menopausal women at high risk of fracture.

Core products

Cimzia® (*certolizumab pegol*), for patients living with inflammatory TNF mediated diseases, net sales reached € 1 799 million (+5%; +7% CER), driven by continued growth in the U.S. and stable net sales in Europe, reflecting the competitive landscape. Strongest growth contributors were new patient populations in psoriasis and psoriatic arthritis, overcompensating a slight decline by 1% in the largest patient population, rheumatoid arthritis, mainly due to other treatment options.

Vimpat® (*lacosamide*) continues to reach more and more people living with epilepsy, reflected in strong growth in all regions, despite the pandemic. Net sales went up to € 1 451 million (+10%; +12% CER).

Keppra® (*levetiracetam*), for patients living with epilepsy, reported net sales of € 788 million (+2%; +5% CER). The continued generic erosion in the U.S. has been compensated by recovery from a local, one-time rebate adjustment in Europe and continued growth in international markets where in Japan the UCB team took over distribution of E Keppra® from partner Otsuka in October.

Briviact® (*brivaracetam*) for people living with epilepsy, reached net sales of € 288 million, a plus of 31%, (+33% CER). This is driven by significant growth in all regions Briviact® is available to patients. Briviact® has a different mode of action from Vimpat® and differentiates from Keppra®.

Neupro® (*rotigotine*), the patch for Parkinson's disease and restless legs syndrome, recorded net sales to € 311 million (-2%; -1% CER), almost stable in a competitive market environment.

Nayzilam® (*midazolam*) Nasal Spray[CIV], the first nasal rescue treatment for epilepsy seizure clusters in the U.S. is successfully launched since December 2019 despite the pandemic and reached net sales of € 26 million.

Evenity® (*romosozumab*) had its first European launch in March 2020 for the treatment of severe osteoporosis in post-menopausal women at high risk of fracture and reported net sales of € 2 million, impacted by the pandemic which significantly impedes outreach to new patient populations. Evenity® is being launched successfully globally by Amgen, Astellas and UCB since 2019, with net sales outside Europe reported by the partners.

Net sales product

Established brands

Net sales of established brands went down by 19% to € 358 million, adjusted for divestitures (mainly in Europe) the decline was 13% (-10% CER), reflecting the maturity of the portfolio and impact by generic competition.

Main part of the portfolio are UCB's allergy products ***Zyrtec® (cetirizine)***, including Zyrtec®-D/Cirrus®) and **Xyzal® (*levocetirizine*),** both showed declines due maturity and generic competition.

Designated hedges reclassified to net sales were positive with € 29 million (negative with € 104 million in 2019) reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

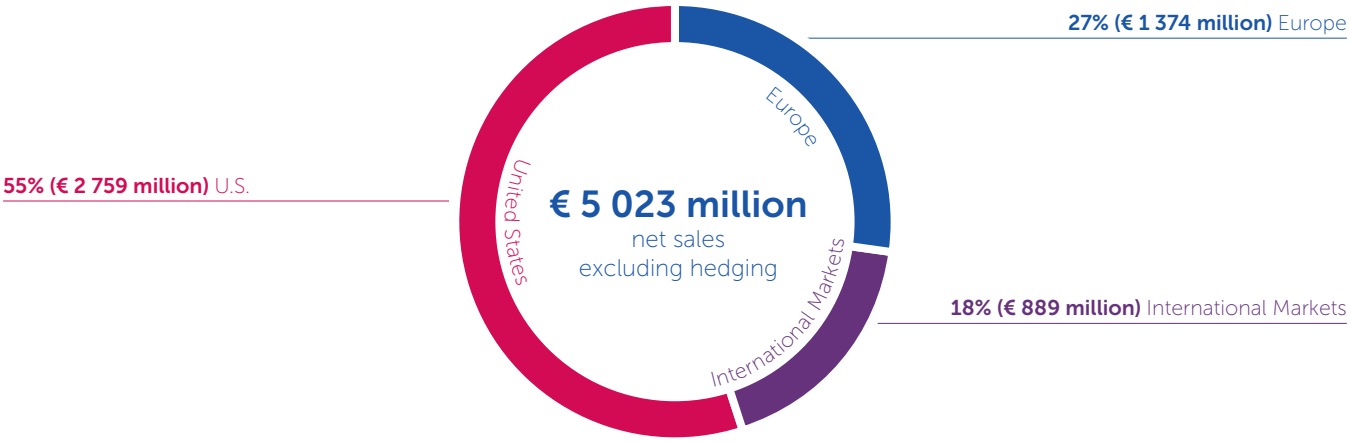
1.4 Net sales by geographical area

	Actual		Variance actual rates		Variance CER	
€ million	**2020**	2019	€ million	%	€ million	%
Net sales U.S.	**2 759**	**2 546**	**213**	**8%**	**265**	**10%**
Cimzia®	1 174	1 088	86	8%	108	10%
Vimpat®	1 072	1 001	71	7%	91	9%
Keppra®	167	189	-22	-12%	-19	-10%
Briviact®	220	170	50	30%	54	32%
Neupro®	98	97	1	1%	3	3%
Nayzilam®	26	0	27	N/A	27	N/A
Established brands	2	1	1	-577%	1	-586%
Net sales – Europe	**1 374**	**1 332**	**42**	**3%**	**46**	**3%**
Cimzia®	431	429	2	0%	4	1%
Keppra®	223	196	28	14%	28	14%
Vimpat®	263	236	28	12%	28	12%
Neupro®	168	170	-2	-1%	- 2	-1%
Briviact®	60	45	15	33%	15	33%
Evenity®	2	0	2	N/A	2	N/A
Established brands	227	256	-31	-12%	-29	-11%
Net sales international markets	**889**	**906**	**-17**	**-2%**	**31**	**3%**
Keppra®	398	385	13	3%	27	7%
Cimzia®	194	194	0	0%	17	8%
Vimpat®	115	86	30	35%	33	39%
Neupro®	45	52	-7	-13%	-6	-11%
Briviact®	8	6	3	45%	3	51%
Established brands	129	183	-54	-29%	-43	-23%
Net sales before hedging	**5 023**	**4 784**	**239**	**5%**	**342**	**7%**
Designated hedges reclassified to net sales	29	-104	132	>-100%		
Total net sales	**5 052**	**4 680**	**372**	**8%**	**342**	**7%**

U.S. net sales increased to € 2 759 million (+8%; +10% CER). This was driven by the solid growth of Cimzia®, Vimpat® and Briviact® and supported by the launch of Nayzilam®. While Neupro® is holding up well in a competitive environment, Keppra® net sales reflect the generic competition.

Net sales in Europe reached € 1 374 million a plus of 3% (+3% CER) – adjusted by divestitures of established brands, the increase was 5%, due to the double-digit growth of Vimpat® and Briviact®. Keppra® also increased double-digit as it recovered from a local one-time rebate adjustment in HY 2019. Cimzia® was stable in an enlarging market. Evenity® was launched the first time in March, during the COVID-19 pandemic, reporting € 2 million of net sales.

Net sales



International markets net sales amounted to € 889 million (-2%; +3% CER).The core products reached combined net sales of € 760 million (+5%) representing 86% of UCB's net sales in this region. This was compensated by impacts from generic competition and divestitures within the established brands portfolio.

- With € 379 million, **Japan** represents the largest market and showed a growth of 3% (+3% CER) where Keppra® reported net sales of € 211 million (+19%) and Vimpat® increased to € 60 million (+46%), representing the largest products and over-compensating the decline seen with the allergy products due to their maturity and generic erosion. As of October 1, 2020, the well-established, agile UCB team took over distribution of E Keppra® from partner Otsuka.
- Net sales in the second largest market in this region, **China**, were € 108 million (-22%; -21% CER), due to divestitures and COVID-19 impact. Adjusted for divestitures, the decrease was 18% CER.

Designated hedges reclassified to net sales were positive with € 29 million (negative with € 104 million in 2019) reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

1.5 Royalty income and fees

	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Biotechnology IP	60	38	57%	60%
Toviaz®	18	19	-3%	0%
Other	18	22	-19%	-18%
Royalty income and fees	**96**	**78**	**22%**	**24%**

In 2020, **royalty income and fees** reached € 96 million after € 78 million.

The **biotechnology IP** income benefitted from a one-time royalty recognized while other royalties on marketed products using UCB's antibody intellectual property remained stable.

The franchise royalties paid by Pfizer for the overactive bladder treatment **Toviaz® (*fesoterodine*)** remained stable.

1.6 Other revenue

	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Contract manufacturing sales	152	109	39%	39%
Partnerships in Japan	6	20	-71%	-71%
Other	41	26	59%	66%
Other revenue	**199**	**155**	**28%**	**29%**

Other revenue went up to € 199 million or by (+28%).

Contract manufacturing sales increased to € 152 million from € 109 million, as divestitures led to higher activity for contract manufacturing.

Partnering activities in Japan (Otsuka for E Keppra® and Neupro®, Daiichi Sankyo for Vimpat® and Astellas for Cimzia®) reached a total of € 6 million after € 20 million, reflecting the sales milestone received for E Keppra® in 2019. The UCB team took over distribution of E Keppra® from partner Otsuka in October 2020.

"Other" revenue reached € 41 million thanks to milestones and other payments from R&D partners and licencing partners, including Biogen for co-development of *dapirolizumab pegol* and the new partnership with Roche and Genentech for the global development and commercialization of *bepranemab*.

1.7 Gross profit

	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Revenue	5 347	**4 913**	**9%**	**8%**
Net sales	5 052	4 680	8%	7%
Royalty income and fees	96	78	22%	24%
Other revenue	199	155	28%	29%
Cost of sales	**-1 363**	**-1 268**	**7%**	**8%**
Cost of sales products and services	-869	-816	7%	7%
Royalty expenses	-315	-298	5%	8%
Amortization of intangible assets linked to sales	-179	-154	16%	17%
Gross Profit	**3 984**	**3 645**	**9%**	**8%**

In 2020, gross profit reached € 3 984 million – and a slightly improved gross margin of 75% after 74% in 2019.

Cost of sales has three components: the cost of sales for products and services, royalty expenses, and the amortization of intangible assets linked to sales:

- The **cost of sales for products and services** increased to € 869 million – growing slightly slower than the net sales.
- **Royalty expenses** went up to € 315 million – growing slightly slower than the net sales.
- **Amortization of intangible assets linked to sales:** Under IFRS 3, UCB has reflected on its statement of financial position a significant amount of intangible assets relating to acquisitions(in-process research and development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched increased to € 179 million, also due to the new indication launches for Cimzia® and the launch of Nayzilam®.

1.8 Adjusted EBIT and adjusted EBITDA

	Actual		Variance	
€ million	**2020**	2019	Actual rates	CER
Revenue	**5 347**	**4 913**	**9%**	**8%**
Net sales	5 052	4 680	8%	7%
Royalty income and fees	96	78	22%	24%
Other revenue	199	155	28%	29%
Gross Profit	**3 984**	**3 645**	**9%**	**8%**
Marketing and selling expenses	-1 221	-1 108	10%	12%
Research and development expenses	-1 569	-1 272	23%	24%
General and administrative expenses	-196	-195	1%	2%
Other operating income/expenses (-)	95	48	>100%	>100%
Total operating expenses	**-2 891**	**-2 527**	**14%**	**16%**
Adjusted (recurring) EBIT	**1 093**	**1 118**	**-2%**	**-8%**
Add: Amortization of intangible assets	215	190	13%	14%
Add: Depreciation charges	133	123	8%	8%
Adjusted (recurring) EBITDA	**1 441**	**1 431**	**1%**	**-4%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, went up to € 2 891 million reflecting digital business transformation, higher marketing and selling as well as higher research and development expenses. Total operating expenses in relation to revenue (operating expense ratio) increased to 54% after 50% in 2019, consisting of:

- 10% higher **marketing and selling expenses** of € 1 221 million, driven by launches and pre-launch activities: Cimzia®, in non-radiographic axial spondyloarthritis in the U.S. and the launches in China and Japan, Nayzilam® in the U.S., Evenity® in Europe as well as launch preparations for *bimekizumab* for people living with psoriasis, *zilucoplan* and *rozanolixizumab* in myasthenia gravis.

- 23% higher **research and development expenses** of € 1 569 million include the first time the R&D expenses for the acquired Ra Pharma, Engage Therapeutics and Handl Therapeutics research & development programs (refer to 1.2 Key events). Also included are the termination costs (€ 54 million) in connection with the termination of the project padsevonil in focal onset seizures (refer to 1.2 Key events). Ongoing high investments in UCB's progressing pipeline encompass five late stage assets, including expenses in connection with digital transformation for better patient experience and faster development time. Slightly lower R&D expenses due to the pandemic related recruitment pause in the first half 2020 were compensated by higher pandemic related expenses for the safety of patients as well as ensuring patient recruitment in the second half of the year. Hence the R&D ratio reached 29% in 2020 after 26% in 2019.

- With +1% almost stable **general and administrative expenses** of € 196 million, reflecting lower costs due to COVID-19 pandemic compensated by digital business transformation activities and the contribution to the UCB fund (€ 5 million) in connection with COVID-19 pandemic.

- **Other operating income** doubled to € 95 million, after € 48 million in 2019 - driven by an income of € 96 million in connection of the commercialization of Evenity® in collaboration with Amgen, after an income of € 8 million in 2019, compensating mainly UCB's marketing & selling as well as R&D expenses. UCB's share to the total Evenity® contribution has turned to positive earnings for the first time. In 2019, "other" operating items were impacted by one-time positive contributions from investment grants, the divestiture of the campus in Germany and release of VAT provisions.

Due to higher operating expenses, **adjusted (recurring) EBIT** went down by 2% to € 1 093 million, compared to € 1 118 million in 2019.

- Total **amortization of intangible assets** (product related and other) amounted to € 215 million, mainly driven by the launch of Nayzilam® in late 2019.

- **Depreciation charges** at € 133 million after € 123 million.

Adjusted (recurring) EBITDA (Earnings before Interest, Taxes, Depreciation and amortization charges) reached € 1 441 million after € 1 431 million (+1%; -4% CER), driven by continued revenue growth and higher operating expenses, reflecting the investments into the future of UCB, namely into product launches and clinical development. The adjusted (recurring) EBITDA ratio for 2020 (in % of revenue) reached 27% after 29% in 2019.

In compliance with the ESMA Alternative Performance Measures guidelines, "recurring EBITDA" was renamed into "adjusted EBITDA". The calculation methodology remains unchanged.

1.9 Profit

€ million	Actual 2020	Actual 2019	Variance Actual rates	Variance CER
Adjusted (recurring) EBIT	**1 093**	**1 118**	**-2%**	**-8%**
Impairment charges	0	-2	-100%	-101%
Restructuring expenses	-20	-47	-57%	-57%
Gain on disposals	53	41	28%	28%
Other income/expenses (-)	-155	-42	>100%	>100%
Total impairment, restructuring and other income/expenses (-)	-122	-50	>100%	>100%
EBIT (operating profit)	**971**	**1 068**	**-9%**	**-14%**
Net financial expenses (-)	-93	-107	-13%	-12%
Result from associates	2	-1	>-100%	>-100%
Profit before income taxes	**880**	**960**	**-8%**	**-14%**
Income tax expenses	-119	-146	-19%	-16%
Profit from continuing operations	**761**	**814**	**-7%**	**-14%**
Profit/loss (-) from discontinued operations	0	2	-94%	-94%
Profit	**761**	**817**	**-7%**	**-14%**
Attributable to UCB shareholders	732	792	-7%	-15%
Attributable to non-controlling interests	29	25	16%	18%
Profit attributable to UCB shareholders	**732**	**792**	**-7%**	**-15%**

Total impairment, restructuring and other income/expenses (-) amounted to € 122 million expenses (after an expense of € 50 million in 2019), including fees related to the acquisitions (refer to 1.2 Key events), restructuring expenses and an increase of product liability provision, partially offset with income resulting from gain on the divestiture of non-core products.

Net financial expenses went down to € 93 million from € 107 million in 2019, thanks to lower hedging costs, reduction of interest payable due to the repaid bond in March 2020, compensated by higher interest expenses due to the debt financing of the Ra Pharma acquisition.

Income tax expenses were € 119 million compared to € 146 million in 2019. The average effective tax rate was 13% compared to 15% in 2019.

Profit from discontinued operations was € 0 million after € 2 million.

The **profit of the Group** amounted to € 761 million (after € 817 million), of which € 732 million is attributable to UCB shareholders and € 29 million to non-controlling interests. For 2019, profit was € 817 million and of which € 792 million were attributable to UCB shareholders and € 25 million to non-controlling interests.

1.10 Core EPS

€ million	Actual		Variance	
	2020	2019	Actual rates	CER
Profit	**761**	**817**	**-7%**	**-14%**
Attributable to UCB shareholders	732	792	-7%	-15%
Attributable to non-controlling interests	29	25	16%	18%
Profit attributable to UCB shareholders	**732**	**792**	**-7%**	**-15%**
Total impairment, restructuring and other income (-)/expenses	122	50	>100%	>100%
Income tax on impairment, restructuring and other expenses (-)/credit	-3	-1	>100%	>100%
Profit (-)/loss from discontinued operations	0	-2	-94%	-94%
Amortization of intangibles linked to sales	179	154	16%	17%
Income tax on amortization of intangibles linked to sales	-15	-17	-14%	-14%
Core profit attributable to UCB shareholders	**1 015**	**974**	**4%**	**-3%**
Weighted average number of shares (million)	189	187	1%	
Core EPS attributable to UCB shareholders (€)	**5.36**	**5.20**	**3%**	**-2%**

The **profit attributable to UCB shareholders**, adjusted for the after-tax impact of to-be adjusted items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization of intangibles linked to sales, amounted to **core profit attributable to the UCB shareholders** of € 1 015 million (4%), leading to a **core earnings per share (EPS)** of € 5.36 compared to € 5.20 in 2019, per non-dilutive weighted average number of shares of 189 million (+1%).

1.11 Capital expenditure

In 2020, the tangible capital expenditure resulting from UCB biopharmaceutical activities amounted to € 256 million (2019: € 99 million) and are mainly related to the new campus site in the UK and the Bioplant in Belgium.

Acquisition of intangible assets reached € 93 million in 2020 (2019: € 195 million) and is related to software, capitalized eligible development costs and milestones.

In addition, as foreseen in the agreement between UCB and Lonza for the manufacturing by Lonza of PEGylated antibody fragment-based bulk active compounds, UCB has participated in the pre-financing of the related capital expenditure. Depreciation charges on this investment are recognized in the cost of goods sold and are added back for adjusted EBITDA calculation purposes.

1.12 Statement of financial position

The **intangible assets** increased by € 2 134 million from € 839 million at December 31, 2019 to € 2 973 million at December 31, 2020. This includes the acquisition of Ra Pharma and Engage Therapeutics, software and eligible development costs, partially offset with the ongoing amortization of the intangible assets.

Goodwill at € 4 964 million, down € 95 million, stemming from the acquisition of Ra Pharmaceuticals, offset with a weaker U.S. dollar and GBP compared to December 2019.

Other non-current assets decreased by € 88 million, driven by the acquisition of a new campus for its U.K. operations, right-of-use assets, and the Bioplant in Braine (Belgium) offset with ongoing depreciation of the property, plant and equipment and a decrease in deferred tax assets related to settlements of R&D tax credits, timing differences and partial recognition of losses.

The **current assets** increased from € 3 295 million as of December 31, 2019 to € 3 582 million as of December 31, 2020 related to trade receivables after strong Q4 2020 net sales, higher commercial inventory and clinical trials prepayments to prepare for the future.

UCB's shareholders' equity, at € 7 272 million, showed an increase of € 263 million between December 31, 2019 and December 31, 2020. The major changes stem from the net profit after non-controlling interests (€ 732 million), the cash-flow hedges (€ 61 million), offset with the dividend payments (€ -235 million), the acquisition of own shares (€ -82 million), and the U.S. Dollar and British Pound currency translation (€ -314 million).

The **non-current liabilities** amounted to € 3 233 million, an increase of € 1 555 million, higher financial debt after the acquisition of Ra Pharma, increasing deferred taxes, offset with the transfer of bonds and bank borrowings to current liabilities.

The **current liabilities** amounted to € 2 814 million, up € 420 million, impacted by the transfer of the Bond from non-current liabilities and higher trade payables.

Net financial debt of € -1 411 million as per end December 2020 compared to net financial cash of € 12 million as of end December 2019, and mainly relates to the underlying net profitability, offset by the acquisition of Ra Pharmaceuticals Inc and Engage Therapeutics Inc, the dividend payment on the 2019 results and the acquisition of own shares. The net debt to adjusted (recurring) EBITDA ratio for 2020 is 0.98.

1.13 Cash flow statement

The evolution of cash flow generated by bio-pharmaceuticals activities is affected by the following:

- **Cash flow from operating activities** from continuing operations amounted to € 1 081 million compared to € 893 million in 2019. The cash inflow stems from underlying net profitability, deferred income, higher outstanding payables in the last quarter, offset with higher commercial inventory, higher receivables after a strong Q4 2020.

- **Cash flow from investing activities** showed an outflow of € 2 228 million, compared to € 235 million in 2019 and includes the net of cash acquisition of Ra Pharma Inc and Engage Therapeutics Inc (€ 1 986 million), capital expenditures (€349 million), offset with the sale of non-core assets and investments (€ 114 million).

- **Cash flow from financing activities** had an inflow of € 1 177 million, which includes the proceeds from borrowings mainly related to the acquisition of Ra Pharma (€ 1 895 million), proceeds from private placement (€ 150 million) offset with the dividend paid to UCB shareholders (€ -235 million), the acquisition of treasury shares (€ -106 million), the 2013 retail bond maturing (€ -250 million) and interest payments.

1.14 Outlook 2021

For 2021, UCB is aiming for revenues in the range of € 5.45 - 5.65 billion due to the current core product growth and new patient populations being served, despite of the ongoing pandemic. UCB will continue to advance its late stage development pipeline and prepare upcoming launches to offer potential new solutions for patients.

Underlying profitability, adjusted EBITDA, is expected in the range of 27–28% of revenue, reflecting the high R&D and marketing & sales investment levels. Core earnings per share are therefore expected in the range of € 5.60 – €6.10 per share based on an average of 189 million shares outstanding.

Based on UCB's current assessment of the COVID-19 pandemic, UCB remains confident in the fundamental underlying demand for its products and its prospects for long-term growth. UCB will continue to closely follow evolving COVID-19 pandemic diligently to assess potential near- and mid-term challenges.

The figures of the outlook 2021 as mentioned above were calculated on the same basis as the actual figures for 2020.

2. Consolidated financial statements

2.1 Consolidated income statement

For the year ended December 31

€ million	Note	2020	2019
Continuing operations			
Net Sales	6	5 052	4 680
Royalty income and fees		96	78
Other revenue	10	199	155
Revenue		**5 347**	**4 913**
Cost of sales		-1 363	-1 268
Gross profit		**3 984**	**3 645**
Marketing and selling expenses		-1 221	-1 108
Research and development expenses		-1 569	-1 272
General and administrative expenses		-196	-195
Other operating income/expenses (-)	13	95	48
Operating profit before impairment, restructuring and other income and expenses		**1 093**	**1 118**
Impairment of non-financial assets	14	0	-2
Restructuring expenses	15	-20	-47
Other income/expenses (-)	16	-102	-1
Operating profit		**971**	**1 068**
Financial income	17	14	18
Financial expenses	17	-107	-125
Share of profit/loss (-) of associates		2	-1
Profit before income taxes		**880**	**960**
Income tax expense	18	-119	-146
Profit from continuing operations		**761**	**814**
Discontinued operations			
Profit/loss (-) from discontinued operations	9	**0**	**2**
Profit		**761**	**817**
Attributable to:			
Equity holders of UCB SA		732	792
Non-controlling interests		29	25
Basic earnings per share (€)			
from continuing operations	41	3.87	4.22
from discontinued operations	41	0	0.01
Total basic earnings per share		**3.87**	**4.23**
Diluted earnings per share (€)			
from continuing operations	41	3.77	4.09[1]
from discontinued operations	41	0	0.01
Total diluted earnings per share		**3.77**	**4.10[1]**

1 Calculation of Diluted earnings per share has been revised in 2020 (see Note 41). Comparative amounts for 2019 have been restated.

2.2 Consolidated statement of comprehensive income

For the year ended December 31

€ million	Note	2020	2019
Profit for the period		**761**	**817**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
Net gain/loss (-) on financial assets at FVOCI		27	14
Exchange differences on translation of foreign operations		-314	96
Effective portion of gains/losses (-) on cash flow hedges		84	36
Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		-23	19
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit obligation	33	-26	28
Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods		2	1
Other comprehensive income/loss (-) for the period, net of tax		-250	194
Total comprehensive income for the period, net of tax		**511**	**1 011**
Attributable to:			
Equity holders of UCB SA		482	986
Non-controlling interests		29	25
Total comprehensive income for the period, net of tax		**511**	**1 011**

2.3 Consolidated statement of financial position

For the year ended December 31

€ million	Note	2020	2019
Assets			
Non-current assets			
Intangible assets	20	2 973	839
Goodwill	21	4 964	5 059
Property, plant equipment	22	1 035	840
Deferred income tax assets	32	605	873
Financial and other assets (including derivative financial instruments)	23	160	175
Total non-current assets		**9 737**	**7 786**
Current assets			
Inventories	24	854	780
Trade and other receivables	25	1 031	950
Income tax receivables	36	48	59
Financial and other assets (including derivative financial instruments)	23	310	163
Cash and cash equivalents	26	1 336	1 293
Assets of disposal group classified as held for sale	9.2	3	50
Total current assets		**3 582**	**3 295**
Total assets		**13 319**	**11 081**
Equity and liabilities			
Equity			
Capital and reserves attributable to UCB shareholders	27	7 271	7 039
Non-controlling interests	23.6	1	-30
Total equity		**7 272**	**7 009**
Non-current liabilities			
Borrowings	29	1 629	79
Bonds	30	687	896
Other financial liabilities (including derivative financial instruments)	31	3	1
Deferred income tax liabilities	32	168	51
Employee benefits	33	402	382
Provisions	34	165	146
Trade and other liabilities	35	91	32
Income tax payables	36	88	91
Total non-current liabilities		**3 233**	**1 678**
Current liabilities			
Borrowings	29	81	56
Bonds	30	350	250
Other financial liabilities (including derivative financial instruments)	31	86	70
Provisions	34	80	72
Trade and other liabilities	35	2 138	1 856
Income tax payables	36	79	81
Liabilities of disposal group classified as held for sale	9.2	0	9
Total current liabilities		**2 814**	**2 394**
Total liabilities		**6 047**	**4 072**
Total equity and liabilities		**13 319**	**11 081**

2.4 Consolidated statement of cash flows

For the year ended December 31

€ million	Note	2020	2019
Profit for the year attributable to UCB shareholders		**732**	**792**
Non-controlling interests		29	25
Adjustment for profit (-)/loss from discontinued operations	9	0	-1
Adjustment for profit (-)/loss from associates		-2	1
Adjustment for non-cash transactions	37	297	231
Adjustment for items to disclose separately under operating cash flow	37	119	144
Adjustment for items to disclose under investing and financing cash flows	37	2	-7
Change in working capital	37	221	-232
Working capital adjustment relating to acquisitions	8	-263	0
Interest received	17	17	18
Cash flow generated from operations		**1 153**	**971**
Tax paid during the period		-72	-89
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		1 081	893
From discontinued operations		0	-11
Net cash flow generated by operating activities		**1 081**	**882**
Acquisition of property, plant and equipment	22	-256	-99
Acquisition of intangible assets	20	-93	-195
Acquisition of subsidiaries, net of cash acquired		-1 986	0
Acquisition of other investments		-7	-20
Sub-total acquisitions		**-2 342**	**-314**
Proceeds from sale of property, plant and equipment		1	31
Proceeds from sale of other activities, net of cash disposed		75	41
Proceeds from sale of other investments		38	7
Sub-total disposals		**114**	**79**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		-2 228	-235
From discontinued operations		0	0
Net cash flow used in (-)/generated by investing activities:		**-2 228**	**-235**
Proceeds from issuance of Private Placement	30.3	150	0
Repayment of bonds (-)	30.3	-250	-75
Proceeds from borrowings	29	1 895	0
Repayments of borrowings (-)	29	-166	-118
Payment of lease liabilities	29	-41	-48
Acquisition (-) of treasury shares	27	-106	-77
Dividend paid to UCB shareholders, net of dividend paid on own shares	27.2, 42	-235	-228
Interest paid	17	-70	-59
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		1 177	-605
From discontinued operations		0	0
Net cash flow used in (-)/generated by financing activities:		**1 177**	**-605**
Net increase/decrease (-) in cash and cash equivalents		**30**	42
From continuing operations		30	53
From discontinued operations		0	-11
Net cash and cash equivalents at the beginning of the period		**1 288**	1 237
Effect of exchange rate fluctuations		-15	9
Net cash and cash equivalents at the end of the period		**1 303**	**1 288**

2.5 Consolidated statement of changes in equity

2020	Attributed to equity holders of UCB SA									
€ million	Share capital and share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Financial assets at FVOCI	Cash flow hedges	**Total**	Non-controlling interests	**Total stock-holders' equity**
Balance at January 1, 2020	**2 614**	**-377**	**4 964**	**-117**	**-58**	**9**	**4**	**7 039**	**-30**	**7 009**
Profit for the period	—	—	732	—	—	—	—	732	29	761
Other comprehensive income/loss (-)	—	—	—	-24	-314	27	61	-250	—	-250
Total comprehensive income	**—**	**—**	**732**	**-24**	**-314**	**27**	**61**	**482**	**29**	**511**
Dividends (Note 42)	—	—	-235	—	—	—	—	-235	—	-235
Share-based payments (Note 28)	—	—	70	—	—	—	—	70	—	70
Transfer between reserves	—	66	-66	—	—	—	—	—	—	—
Treasury shares (Note 27)	—	-82	—	—	—	—	—	-82	—	-82
Transfer between OCI and reserves	—	—	—	-2	—	2	—	—	—	—
Transfer from NCI to equity holders	—	—	-2	—	—	—	—	-2	2	—
Balance at December 31, 2020	**2 614**	**-393**	**5 463**	**-144**	**-372**	**38**	**65**	**7 271**	**1**	**7 272**

2019	Attributed to equity holders of UCB SA									
€ million	Share capital and share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Financial assets at FVOCI	Cash flow hedges	**Total**	Non-controlling interests	**Total stock-holders' equity**
Balance at January 1, 2019	**2 614**	**-342**	**4 394**	**-146**	**-154**	**-5**	**-51**	**6 310**	**-55**	**6 255**
Profit for the period	—	—	792	—	—	—	—	792	25	817
Other comprehensive income/loss (-)	—	—	—	29	96	14	55	194	—	194
Total comprehensive income	**—**	**—**	**792**	**29**	**96**	**14**	**55**	**986**	**25**	**1 011**
Dividends (Note 42)	—	—	-228	—	—	—	—	-228	—	-228
Share-based payments (Note 28)	—	—	58	—	—	—	—	58	—	58
Transfer between reserves	—	52	-52	—	—	—	—	—	—	—
Treasury shares (Note 27)	—	-87	—	—	—	—	—	-87	—	-87
Balance at December 31, 2019	**2 614**	**-377**	**4 964**	**-117**	**-58**	**9**	**4**	**7 039**	**-30**	**7 009**

3. Notes to the consolidated financial statements

1. General information

UCB SA/NV (UCB or the Company) and its subsidiaries (together the Group) is a global biopharmaceutical company focused on severe diseases in two main therapeutic areas, namely Neurology and Immunology.

The consolidated financial statements of the Company as at and for the year ended December 31, 2020 comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA, UCB S.R.O and UCB Inc., all wholly owned subsidiaries, have branches in the U.K., Slovakia and Puerto Rico, respectively, that are integrated into their accounts. UCB Biopharma SRL has set up a new branch in the U.K. on November 12, 2020. The branch is operational as from January 1, 2021.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium.

The registered office is at 60, Allée de la Recherche, B-1070 Brussels, Belgium. UCB SA is listed on the Euronext Brussels Stock Exchange.

The Board of Directors approved these consolidated financial statements and the statutory financial statements of UCB SA for issue on February 25, 2021. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on April 29, 2021.

2. Current and expected impact of the COVID-19 situation on the financial position, performance and cash-flows of UCB

UCB has put measures in place to protect the health and wellbeing of its employees and other key stakeholders especially its patients, while remaining focused on ensuring business critical activities are properly maintained.

The direct impact of the COVID-19 pandemic on UCB's financial position, performance and cash-flows has been limited.

Revenues of the UCB Group were impacted by a slower growth of new patients using UCB's drugs.

There have been no disruptions in supply chains and/or production. UCB has been closely monitoring its supply chain for potential impact to the supply of its medicines around the world. UCB maintains strategic buffer stock and leverages multi-sourcing for key materials in its global supply chain to mitigate the impact of supply disruptions due to events such as the current coronavirus outbreak. UCB's global manufacturing and distribution network has remained fully operational and in constant contact with its global network of key suppliers, manufacturing partners, and distributors to identify potential risks and take appropriate measures to avoid any disruption. No supply disruptions of UCB's products are currently anticipated. As this global situation evolves, UCB will continue to take the steps necessary to safeguard the reliable supply of its medicines.

In March, the evolving COVID-19 pandemic led UCB to pause new patient recruitment into ongoing clinical studies and to delay all new study starts. This has led to some delays of UCB's clinical studies. As from end-May 2020, UCB began to restart clinical study recruitment, including new study starts, at clinical trials sites that meet the restart criteria. The updated timelines for UCB's clinical development program can be found in the Business Performance Review under 1.2 Key Events.

UCB will continue to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.

UCB has not applied for any relief or support measure issued by governments or other public institutions. The COVID-19 situation has not substantially impacted UCB's income tax expenses but UCB is continuously monitoring for potential impacts.

UCB has not benefited from any COVID-19-related lease concessions. Therefore, there is no impact on the accounting of lease agreements from the IASB's amendments to IFRS 16.

UCB has assessed that the COVID-19 situation has not at present given any indication that any asset may be impaired and therefore concluded that none of the impairment indicators in IAS 36 have been triggered. No significant risk of material adjustment to the carrying amounts of assets and liabilities has arisen as a result of the COVID-19 pandemic.

UCB uses a provision matrix in order to determine lifetime expected credit losses (ECL). However, if there is an indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime ECL. Forward-looking information has been incorporated in the ECL estimate and assumptions used in the ECL model have not changed significantly over the period. Up till now, there is no indication that the COVID-19 pandemic will be impacting the lifetime ECL for receivables. No impairment for specific receivables as a result of the pandemic has been accounted for.

The COVID-19 pandemic has not had any major impact on the liquidity position of UCB Group. The liquidity risk management strategy is adequate and appropriate and has not changed, and there was no need for any cancellation or reduction of the dividend pay-out in 2020.

UCB also did not change its credit risk management practices because of the COVID-19 pandemic.

Financial risks are described under Note 5 and have not been materially impacted by the COVID-19 situation. UCB's access to financing under its existing credit facilities has not been affected as a consequence of COVID-19. There have no changes in exist-

ing terms of borrowings or other financial liabilities during the reporting period.

UCB's ability to continue as a going concern is not in any question.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the European Union as of December 31, 2020.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3.2 New and amended standards adopted by the Group

A number of amendments to standards are mandatory for the first time for the financial year beginning January 1, 2020. However, the Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and improvements to the standards. The amendments to IFRS 3 Business combinations – Definition of a business have been applied by UCB in assessing whether the acquisitions done in 2020 (see Note 8) are to be considered as acquisitions of a business. The outcome of these assessments has not been different under the amended guidance. UCB has decided not to perform the optional concentration test which is allowed under the amended guidance.

UCB applied reliefs provided by the Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: disclosures – Interest rate benchmark reform on its interest rates swaps (cash flow hedges) with current nominal amount of US$ 1 470 million and interest rate swaps (fair value hedges) with nominal amount of € 725 million. As provided under the Amendments, UCB assumed that the interest rate on which the hedged cash flows are based (US$ LIBOR and/or EURIBOR) does not change because of the reform. Hence, when hedged cash flows may change because of IBOR reform, this will not cause the 'highly probable' test to be failed. Moreover, as provided under the Amendments, UCB assumes minimal ineffectiveness due to changes in cash flows because of IBOR reform. Therefore, the economic relationship between hedged item and hedging instrument should not be impacted. For the fair value hedges of fixed-rate debts, UCB applied the relief provided by the Amendment to IFRS 9 relating to the fact that the risk component only needs to be separately identifiable at initial hedge designation. The transition to the new benchmarks reference rates is the scope of a multidisciplinary project, with objective to cover the changes of systems, processes and valuations models while ensuring that the existing hedges and the underlying exposure fallback languages remain aligned. It is expected to be operational by the deadlines of the respective reforms (end 2021).

3.3 New standards and amendments to standards not yet adopted

There are no standards or amendments or improvements to standards that have been issued by the IASB that are not yet effective and that would be expected to have a material impact on the Group's consolidated financial statements.

3.4 Consolidation

3.4.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains

on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.4.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20%-50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are classified to profit or loss where appropriate.

The Group share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying amount of investments in associates is tested for impairment in accordance with the policy described in Note 3.10. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

3.4.5 Interests in joint operations

A joint operation is a joint arrangement whereby the parties, or joint operators that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When conducting activities under joint operations, the Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liability incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operations;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

3.5 Segment reporting

The Group's activities are in one segment, Biopharmaceuticals. There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis; therefore, UCB operates as one segment.

3.6 Foreign currency translation

The following important exchange rates were used in preparing the consolidated financial statements:

	Closing Rate		Average Rate	
	2020	2019	**2020**	2019
USD	1.223	1.123	1.140	1.119
JPY	126.280	121.960	121.762	121.993
GBP	0.896	0.847	0.889	0.877
CHF	1.082	1.085	1.070	1.112

The closing rates represent spot rates as at December 31, 2020 and December 31, 2019.

3.6.1 Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (€), which is the functional currency of the Company, and the presentation currency of the Group.

3.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under Financial income or Financial expenses (Note 17), except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or when attributable to part of the net investment in a foreign operation.

Exchange differences on a foreign currency monetary financial asset measured at FVOCI are recognized partly in profit or loss and partly in other comprehensive income. For the purpose of recognizing foreign exchange gains and losses under IAS 21, the asset is treated as if it were carried at amortized cost in the foreign currency. Accordingly, foreign exchange differences on the amortized cost balance and those arising from changes in amortized cost (such as interest calculated using the effective interest method and impairment losses) are recognized in profit or loss. All other gains and losses (that is, changes in fair value, including exchange differences thereon) are recognized in other comprehensive income.

Exchange differences on a foreign currency non-monetary financial asset measured at FVOCI are recognized in other comprehensive income as part of the fair value gain or loss.

3.6.3 Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income (referred to a "cumulative translation adjustments").

On consolidation, exchange difference arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or wholly disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.7 Revenue

Revenue is recognized when control of a good or service transfers to a customer.

3.7.1 Net sales

Net sales encompass revenue recognized resulting from transferring control over products to the customer.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration that is included in the transaction price relates to sales returns, rebates, trade and cash discounts, chargebacks granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and

others as well as the U.S. Branded Prescription Drug Fee. A liability is recognized for expected sales returns, rebates, trade and cash discounts, chargebacks or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period. Payment terms can differ from contract to contract, but no element of financing is deemed present. Therefore, the transaction price is not adjusted for the effects of a significant financing component. A receivable is recognized as soon as control over the products is transferred to the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The transaction price is adjusted for any consideration payable to the customer (directly or indirectly) that is economically linked to the revenue contract unless the payment is for distinct services received from the customer. In the latter case, the fair value of the services received is estimated and accounted for as part of marketing and selling expenses.

The amount of variable consideration is estimated on the basis of historical experience and the specific terms in the individual agreements.

Net sales are presented net of value added tax, other sales related taxes or any other amounts collected on behalf of third parties such as the government or governmental institutions.

3.7.2 Royalty income

Sales-based royalties resulting from the out-licensing of IP are recognized as the subsequent underlying sales occur provided that the related performance obligation has been satisfied by then.

3.7.3 Other revenue

Other revenue comprises revenue generated through out-licensing and profit-sharing agreements as well as contract manufacturing agreements. The underlying performance obligations can be satisfied at a point in time or over time depending on the specific situation.

For performance obligations satisfied over time, revenue is recognized based on a pattern that best reflects the transfer of control of the service to the customer. Usually, this progress is measured by an input method whereby costs incurred, and hours expended relative to total costs expected to be incurred and total hours expected to be expended are used as a basis.

Any variable consideration that is promised in exchange of a license of IP and that is based upon achieving certain sales targets, is accounted for in the same way as sales-based royalties i.e. at the moment the related sales occur provided that the related performance obligation has been satisfied.

Any variable consideration such as a development milestone payment that is promised in exchange for development services or the license of IP, is only included in the transaction price as from the moment the achievement of the related milestone event is highly probable, which then results in a catch-up of revenue at that moment for any performances up till that moment.

Any upfront payments or license fees for which there are subsequent performance obligations are initially reported as deferred revenue and are recognized as revenue when performance obligations are satisfied over the period of the development collaboration or manufacturing obligation.

3.7.4 Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

3.7.5 Dividend income

Dividends are recognized when the shareholder's right to receive the payment is established.

3.8 Cost of sales

Cost of sales includes primarily the direct production costs, related production overheads and the amortization of the related intangible assets as well as services rendered. Start-up costs are expensed as incurred. Royalty expenses directly linked to goods sold are included in "cost of goods sold".

3.9 Research and development

3.9.1 Internally generated intangible assets, research and zdevelopment expenditure

All internal research costs are expensed as incurred. Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 Intangible Assets. Due to long development periods and significant uncertainties related to the development of new products (such as the risks related to the outcome of clinical trials as well as the likelihood of regulatory approval), internal development costs generally do not qualify for capitalization as intangible assets. At December 31, 2020, no internal development expenditures have met the recognition criteria.

3.9.2 Acquired intangible assets

Payments for acquired in-process research and development projects obtained through in-licensing arrangements, business combinations or separate asset purchases are capitalized as intangible assets provided that they are separately identifiable, controlled by the Group and expected to provide future economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets and the amount of the payments is determinable, upfront and milestone payments to third parties for pharmaceutical products or compounds for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives from the date on which the products are launched for sale.

3.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets, goodwill, property, plant and equipment and investments in associates to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Irrespective of whether there

is an indication of impairment, an impairment assessment of the intangibles not yet available for use and goodwill is carried out annually. These assets are not amortized. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or the CGU, using the same methods as those used in the initial measurement of the asset or the CGU on the basis of the medium-term plans of each business activity. Estimated cash flows are discounted using an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized directly in the income statement under the "impairment of non-financial assets" caption. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The reversal of the impairment is recognized in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are never reversed.

Intangible assets are assessed for impairment either on a compound by compound basis or by indication where applicable.

3.11 Restructuring expenses, other income and expenses

The expenses made by the Group in order to be better positioned to face the economic environment in which it operates are presented in the income statement as "restructuring expenses".

The gains and losses arising upon the sale of intangible assets other than development stage assets or property, plant and equipment as well as increases or reversals of provisions for litigations, other than tax litigations or litigations related to discontinued operations, are presented in the income statement as "other income and expenses".

3.12 Income taxes

The tax expense for the period comprises current and deferred income taxes. Tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the case of items recognized in other comprehensive income or in equity, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the accounting policies related to R&D tax credits we refer to 3.13.2 under Government grants.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized. Deferred income tax is not accounted for if it arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized. The Group only considers substantively enacted tax laws when estimating the amount of deferred taxes to be recognized. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.13 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

3.13.1 Recoverable cash payments received from the government

The Group receives cash payments from the government to partially finance certain research and development projects. The cash payments received from the government are repayable in cash only if the Group decides to exploit and commercialize the results of the research phase of the related project. If the Group decides not to proceed with the results from the research phase, the cash payments are not repayable. In this case the rights to the research need to be transferred to the government. When the Group receives these cash payments, these are accounted for as other non-current liabilities. Only at the moment when there is reasonable assurance that the Group will not have to reimburse the cash payments, these cash payments are accounted for as government grants and taken up in "other operating income". More specifically, this is at the moment the government confirms the receipt of the research results and its agreement with the Group's decision not to proceed with the research.

3.13.2 R&D tax credit

The R&D tax credit is considered as a government grant related to assets if no additional relevant requirements are to be met that are not directly related to the asset. The tax credit is taken in profit and loss in line with the costs it is intended to compensate. If the tax credit is received to compensate research and development expenses that are not capitalized, the R&D tax credit is recognized in P&L at the same moment as the research and development expenses as a credit to the line "Research and development expenses". If the tax credit is received to compensate amortizations on intangible assets e.g. licences, the R&D tax credit is recognized in profit and loss over the (remaining) useful life of the asset and reported as "Other operating income".

The part of the R&D tax credit that cannot be deducted from the taxable income is accounted for as a deferred tax asset. In this case, the R&D tax credit can or (i) be received as a cash tax refund after the legally foreseen waiting period or (ii) be offset against future taxable income. If the R&D tax credit is not refundable by the tax authorities, the recoverability of the deferred tax asset is assessed on a regular basis as for the other deferred tax assets. The part of the R&D tax credit that can be deducted from taxable income is debited to the current income tax liability.

3.14 Intangible assets

3.14.1 Patents, licenses, trademarks and other intangible assets

Patents, licenses, trademarks and other intangible assets (collectively referred to as "intangible assets") are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Intangible assets (except for goodwill) are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e., in case of a license related to a compound or product, when the product (containing the compound) is launched for sale). Estimated useful life is based on the lower of the contract life or the economic useful life (generally between 5 to 20 years). Intangible assets (except for goodwill) are considered to have a finite economic useful life; therefore, no intangible assets with an indefinite life have been identified.

3.14.2 Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years) on a straight-line basis.

3.15 Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is initially recognized as an asset at cost and is subsequently carried at cost less accumulated impairment losses. Goodwill related to the acquisition of subsidiaries is presented separately on the face of the statement of financial position, whereas goodwill arising upon acquisition of associated companies is included in the investment in associated companies.

UCB operates as one segment and has one cash-generating unit for the purpose of impairment testing.

As goodwill is considered to have an indefinite life, it is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed.

On disposal of a subsidiary or an associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the entity.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognized directly in profit or loss.

3.16 Property, plant and equipment

All property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction, which is carried at cost less accumulated impairment losses.

Cost includes all directly attributable costs of bringing the asset to its working condition for its intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets, other than land and properties under construction, to their residual values over their estimated useful lives. Depreciation commences when the asset is ready to be used. Land is not depreciated.

The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is (are) accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following useful lives are applicable to the main property, plant and equipment categories:

Buildings	20–33 years
Machinery	7–15 years
Laboratory equipment	7 years
Prototype equipment	3 years
Furniture and fixtures	7 years
Vehicles	5–7 years
Computer equipment	3 years
Right-of-use assets Shorter of asset's useful life and leasing term	

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount and are recognized under "other income and expenses" in the income statement.

Investment property is indicative of land and buildings held to earn rentals. Such assets are initially carried at cost and depreciated on a straight-line basis over their estimated useful lives. The underlying useful lives correspond to those of self-used tangible assets. Given the insignificant amount of investment property, it is not separately presented in the statement of financial position.

3.17 Leases

The Group leases various properties, equipment and cars and the rental contracts are typically made for a fixed, short or long term period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate.

There are no leases for which it is expected that the Group would need to pay a residual value guarantee or a certain amount to exercise a purchase option whereby it is reasonably certain that the Group will exercise this option or any penalties for terminating the lease in case the lease term reflects that the Group will exercise this option.

The lease payments are discounted using the Group's incremental borrowing rate as it was not possible to determine the interest rate implicit in the lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs (except for the leases already existing at transition date), and
- restoration costs.

Right-of-use assets are presented as part of property, plant and equipment and lease liabilities as part of borrowings in the statement of financial position. All lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the statement of financial position date are classified as non-current liabilities.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT equipment (laptops, tablets, mobile phones, PCs) and small items of office equipment and furniture.

Some of the car leases contain variable lease payments. It concerns car lease agreements that contain a Terminal Rental Adjustment Clause (TRAC): a final settlement calculation is made at termination of the lease to determine the final rental adjustment. This final rental adjustment is a rent payment (or credit) that reflects actual usage of the vehicle while under lease. This final amount is not known at lease commencement. The rental adjustment amount is not a specified amount but depends upon known factors such as monthly depreciation and initial acquisition cost, and several unknown factors at lease commencement, such as mileage, condition of the vehicle, wear and tear, damage, geography of operation, disposal channel, and other factors. Together, these factors generally represent "use" of the vehicle. Payments that vary due to use of the underlying asset and vehicle mileage specifically are variable lease payments. The final rental adjustment is recognized as expense or, in case of a credit, as a reduction of expenses when realized.

Extension options are included in a number of property and car leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The extension options held are exercisable only by the Group and not by the respective Lessor.

There are no material lease agreements whereby the Group is lessor.

3.18 Financial assets: investments

3.18.1 Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss (FVPL), those to be measured subsequently at fair value through other comprehensive income (FVOCI), those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI (FVOCI).

3.18.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

The Group currently does not have any investments in debt instruments.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as financial income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognized in financial income / expenses in the income statement.

The fair value of listed investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

3.19 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions.

Derivative financial instruments are initially recorded at fair value and attributable transaction costs are recognized in the income statement when incurred. Derivative financial instruments are subsequently remeasured at their fair value.

The Group includes the credit and the nonperformance risks into its valuation techniques leading to non-material impact on derivative valuation resulting from credit or debit margin

adjustments made on counterparts with whom financial market transactions are contracted.

The method of recognizing the resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates derivative financial instruments as either cash flow hedges, fair value hedges or net investment hedges.

The Group documents at inception of the transaction the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedging transaction. The Group updates this assessment when required for example when the hedge ratio is rebalanced or when the analysis of sources of hedge ineffectiveness is updated.

The full fair value of a hedging derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments embedded in financial liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative financial instrument are not closely related, a separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument, and the combined instrument is not measured at fair value through profit or loss.

3.19.1 Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income/ Financial expenses".

When option contracts are used to hedge a firm commitment or forecast transaction, the group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in other comprehensive income. The changes in the time value of the options that relate to the hedged item ('aligned time value') are also recognized within OCI. These will be moved to the income statement (financial income / expenses) when the hedged transaction affects the P&L (in case of transaction related hedges) or over the period of the hedge (in case of time-period related hedges).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in OCI. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized in the income statement (financial income / expenses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options or relating to the effective portion of the change in the spot component of the forward contracts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss on the same line of the income statement where the designated hedged item affects profit or loss. However, if the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative financial instrument that had previously been recognized in other comprehensive income are included in the initial measurement of the asset or liability.

When hedging with forwards and financial instruments with foreign currency basis spreads, the Group decides on a hedging-relationship-by-hedging-relationship basis to account for the changes in the currency basis spread by applying either the same accounting as for the time value of options or by recognizing these changes in value in the income statement (financial income / expenses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast transaction occurs, resulting in the recognition of a non-financial asset or liability. When the forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in other comprehensive income are immediately reclassified to the income statement (financial income / expenses).

3.19.2 Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement under "Financial income/Financial expenses", together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.19.3 Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the cumulative translation adjustments reserve; the gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income/ Financial expenses". Gains and losses accumulated in equity are recycled to the income statement when the foreign operation is partially disposed of or sold.

3.19.4 Derivative financial instruments that do not qualify for hedge accounting

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "Financial income/ Financial expenses".

3.20 Inventories

Raw materials, consumables, goods purchased for resale, work in progress and finished goods are valued at the lower of cost and net realizable value.

Cost is determined using the weighted average cost method. The cost of work in progress and finished goods comprises all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (including depreciation charges).

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Clinical trial materials are active substances and development supplies that are used in R&D activities. As these are not used to be sold in the ordinary course of business, these do not meet the definition of inventory. However these are presented as other current assets in the statement of financial position as the clinical trial materials meet the definition of an asset as it is probable they will result in future economic benefits flowing to the Group and as their cost or value can be measured reliably.

3.21 Trade receivables

Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for expected credit losses.

For determining the expected credit losses, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognized from initial recognition of the receivables. The Group identified 2 categories of trade receivables: receivables on private customers and receivables on public sector customers. For each of these categories, the Group makes use of a provision matrix in order to determine lifetime expected credit losses.

In case there is an indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime expected credit losses.

For all receivables that are covered by a credit insurance or by a factoring agreement without recourse, the lifetime expected credit losses will be calculated taking into account this cover.

3.22 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.23 Non-current assets (or disposal groups) held for sale and discontinued operations

A discontinued operation is a component of the company that either has been disposed of, or that is classified as held for sale. It must either: represent a major separate line of business or geographical area of operations; be part of a single coordinated disposal plan; or be a subsidiary acquired exclusively with a view to resale.

Non-current assets or a disposal group are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Impairment losses upon initial classification as held for sale are recognized in the income statement. Non-current assets classified as held for sale are neither depreciated nor amortized.

3.24 Share capital

3.24.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company did not issue any preference or mandatory redeemable preference shares.

3.24.2 Treasury shares

When any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including attributable direct costs (net of income taxes) is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or sold. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.25 Bonds and borrowings

Bonds, borrowings and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group accounting policy.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.26 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

3.27 Employee benefits

3.27.1 Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions in the event that the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit Method. A full actuarial valuation based on updated personnel information is performed at least every three years. Additionally, if the net fluctuation recognized on the statement of financial position is more than 10% from one year to the next due to plan circumstances (significant membership changes, modification to plan, etc.), a full actuarial valuation is also required. For years where a full actuarial valuation is not required, projections (known as "roll-forwards") from the previous year with updated assumptions (discount rate, salary increase, turnover) is used. For these "roll-forward" valuations, the individual employee data from the last full valuation date are used taking into account assumptions for salary increases and possibly turnover.

All valuations measure liabilities at the applicable statement of financial position date and the market value of retirement plan assets are also reported at this date regardless of whether a full or a "roll-forward" valuation is performed.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that have maturity dates approximating the terms of the related Group obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service cost is recognized in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in the line item "employee benefits expense" in its consolidated income statement (by nature of expenses aggregation). Net-interest expense or income is presented as part of the Operating profit. Curtailments gains and losses are accounted for as past-service cost. Remeasurements are recorded in other comprehensive income.

3.27.2 Other post-retirement employee benefits

Some Group companies provide post-retirement healthcare benefits to their retirees. The Group's net obligation is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The expected costs of these benefits are accrued over the period of employment using the same methodology used for defined benefit plans.

3.27.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

3.27.4 Other long-term employee benefits

The liabilities for jubilee premiums and long service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit

credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using yields on high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

3.27.5 Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision when a reliable estimate of the obligation can be made as there is a past practice for bonus and profit-sharing payments that has created a constructive obligation.

3.27.6 Share-based payments

The Group operates several equity-settled and cash-settled share-based compensation plans.

The fair value of the employee services received in exchange for the grant of stock options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock options granted, excluding the impact of any service and non-market performance vesting conditions (for example profitability, remaining an employee of the entity over a specified time period).

Service and non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model which takes into account the expected life and cancellation rate of the options. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of the amount payable to employees in respect of share appreciation rights, phantom share option, share award and performance share plans, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each statement of financial position date and at settlement date.

Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

3.28 Provisions

Provisions are recognized in the statement of financial position when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

A restructuring provision is recognized when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental provisions are mainly resulting from legal contractual obligations. For more information about these environmental and other provisions we refer to note 34.

4. Critical judgments and accounting estimates

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgments in applying the group accounting policies

Revenue recognition

The Group is party to out-licensing agreements, which can involve upfront payments, development milestones, sales milestones and royalties that may occur over several years and involve certain future contract liabilities. For all out-licensing agreements whereby a license is transferred with other goods or services, the Group first makes an assessment about whether or not the license is to be considered as a distinct performance obligation or not. If the transfer of the license is considered to

be a separate performance obligation, revenue relating to the transfer of the license is recognized at a point in time or over time depending on the nature of the license. Revenues are only recognized over time if the Group is performing development, manufacturing or other activities that could significantly affect the IP transferred, hereby exposing the licensee to the effects of these activities when these activities do not represent a separate service. If the Group assesses that these conditions are not fulfilled, revenue resulting from out-licensing agreements is recognized at the moment control over the license is transferred.

If revenues are recognized over time and in case the input method is assessed as the best method to reflect the transfer of control of the service to the customer, some judgment may be required in applying this method especially in estimating the total costs and hours to be incurred. In this case the Group uses its best estimate based on past experience and actual knowledge and progress of the service to be provided. Estimates are reassessed on a continuous basis. Seen the activities of the Group, in most cases, the input method provides the most faithful depiction of the transfer of the service to the customer.

For licenses that are bundled with other services (e.g. development or manufacturing services) the Group will apply judgment to assess whether the combined performance obligation is satisfied at a point in time or over time. If revenue is recognized over time, the Group will apply judgment in determining the period over which the services are provided. The Group will also apply judgment when allocating the components of the transaction price to the different performance obligations in case the out-licensing agreement includes other performance obligations in addition to the transfer of the license.

Revenue recognition for out-licensing agreements is therefore based on the specific conditions of each out-licensing agreement. This might result in cash receipts being initially recognized as contract liabilities and then released to revenue in subsequent accounting periods based on the different conditions specified in the agreement.

Discontinued operations

Operations that are classified as held for sale or have been disposed of are presented as discontinued operations in the consolidated income statement when the operations represent a major separate line of business or geographical area of operations, are part of a single coordinated disposal plan or represent a subsidiary acquired exclusively with a view to resale. The assessment on what is a major separate line of business is done on a case-by-case basis and depends on the size of the operations in terms of revenues, gross profit or total value of assets and liabilities compared to the total operations of the Group.

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

4.2 Critical accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management bases its estimates on historical experience and various other assumptions that are reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results will by definition not equal those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary.

4.2.1 Sales allowances

The Group has accruals for expected sales returns, chargebacks and other rebates, including the U.S. Medicaid Drug Rebate program and the U.S. Federal Medicare program, and similar rebates in other countries. Such estimates are based on analyses of existing contractual obligations or legislation, historical trends and the Group experience. After assessment of the Management, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations. As these deductions are based on management estimates, the actual deductions might differ from these estimates.

Such differences could impact the accruals recognized in the statement of financial position in future periods and consequently the level of sales recognized in the income statement in future periods, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales allowances. In general, the discounts, rebates and other deductions shown on the invoice are accounted for as an immediate deduction from gross sales in the income statement. The sales returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of financial position in the appropriate accrual account and deducted from sales.

All sales allowances are considered as being part of the variable consideration included in the transaction price. The amount of variable consideration included in the transaction price is determined so that the total transaction price is the price estimated by management as not being constrained.

4.2.2 Intangible assets and goodwill

The Group has intangible assets with a carrying amount of € 2 973 million (Note 20) and goodwill with a carrying amount of € 4 964 million (Note 21). Intangible assets are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e. when related products are launched for sale).

Management estimates that the useful life for acquired in-progress R&D compounds equates to the period these compounds benefit from patent protection or data exclusivity. For the intangible assets acquired through a business combination and which comprises compounds that are marketed but for which no patent protection or data exclusivity exists, management estimates that the useful life equates to the period in which these compounds will realize substantially all the cash contributions.

These intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. The intangible assets that are not yet available for use and goodwill are subject to at least annual impairment testing.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows.

Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

The Group applied the following key assumptions for the "value in use" calculations required for the impairment testing of intangible assets and goodwill at year-end:

Growth rate for terminal value	2.0%
Discount rate in respect of goodwill and Intangibles related to marketed products	5.93%
Discount rate in respect of Intagibles related to pipeline products	12.5%

Since the cash flows also take into account tax expenses, a post-tax discount rate is used in the impairment testing.

Management estimates that the use of the post-tax discount rate approximates the results of using a pre-tax rate applied to pre-tax cash flows.

4.2.3 Environmental provisions

The Group has provisions for environmental remediation costs, which are disclosed in Note 34. The most significant elements of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat contamination at certain other sites, mainly related to the discontinued chemical and films activities of the Group.

Future remediation expenses are affected by a number of uncertainties that include, amongst others, the detection of previously unknown contaminated sites, the method and extent of remediation, the percentage of waste attributable to the Group, and the financial capabilities of the other potentially responsible parties. Given the inherent difficulties in estimating the liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts currently accrued. The effect of resolution of environmental matters on results of operations cannot be predicted due to uncertainty concerning both the a mount and timing of future expenditures and the results of future operations. Such changes that arise could impact the provisions recognized in the statement of financial position in the future.

4.2.4 Employee benefits

The Group currently has many defined benefit plans, which are disclosed in Note 33. The calculation of the assets or liabilities related to these plans is based upon statistical and actuarial assumptions. This is in particular the case for the present value of the defined benefit obligation which is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits.

Furthermore, the Group uses statistically-based assumptions covering areas such as future withdrawals of participants from the plans and estimates of life expectancy. The actuarial assumptions used might differ materially from actual results due to changes in market and economic conditions, higher or lower employee turnover, longer or shorter life spans of participants, and other changes in the factors being assessed.

These differences could impact the assets or liabilities recognized in the statement of financial position in future periods.

4.2.5 Tax positions

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The Group engages constructively with the tax authorities. Where appropriate, we engage advisors and legal counsel to obtain opinions on tax legislation and principles. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. The Group judges these positions on their technical merits and this on a regular basis using all the information available (legis-

lation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate).

A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities and after using all legal remedies of defending the position before Court, based on all relevant information. The liability is calculated taking into account the most likely outcome for corporate income tax related matters or the expected value for corporate income tax and transfer pricing matters, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognized upon examination. These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes.

An asset for tax audit adjustments is recorded when the Group considers it probable, based on the technical merits of the tax case, that a Mutual Agreement or Arbitration Procedure may provide for relief in one or more jurisdictions. The asset is calculated as the expected value (as relating to transfer pricing matters) of the recoverability in corporate income taxes in the concerning jurisdiction upon completion of the Mutual Agreement or Arbitration procedure.

The Group has recognized net deferred tax assets of € 437 million (Note 32). The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses or carry-forward tax attributes (such as innovation income deduction), the availability of sufficient forecasted taxable profits to offset against the tax attributes is also considered.

Significant items on which management has exercised judgement include recognition on the statement of financial position of deferred tax assets relating to losses in jurisdictions where losses have been made in prior periods but where profits now arise or are forecast to do so for the foreseeable future. Management has used its best estimate of the correct value of asset to recognize in such cases, which includes a judgment on the length of the future time period to use in such assessments. These judgments are made on a case-by-case basis taking into account the origin and nature of the expected revenues, based on the functional profiles of the concerning entities and on an entity-by-entity basis, but this time period in most cases does not exceed five years. Differences in forecasted taxable profits and actual profitability or a downgrade in future forecasted taxable profits could impact the deferred tax assets recognized in future periods.

No material deferred tax assets are recognized for entities that are currently still lossmaking or not using their tax attributes.

4.2.6 Valuation of intangibles and related deferred taxes acquired in business combination

Assets that have been identified as a result of a business combination are valued incorporating the concept of highest and best use in accordance with IFRS 13, Fair Value Measurement and IFRS 3, Business Combinations from the viewpoint of a market participant.

In order to value the existing In-Process Research & Development (IPR&D) assets as of the effective date of the business combination, the multi-period excess earnings method is used which is a variation of the income approach that estimates an intangible asset's value based on the present value of the incremental after-tax cash flows (or "excess earnings") attributable only to the intangible asset. As a basis for this valuation, management-prepared prospective financial information is used for the prospective earnings associated with the IPR&D. Specifically, this prospective financial information relates to revenues, cost of goods sold, R&D expenses, distribution, sales and marketing expenses, general and administrative costs and Probability of Technical and Regulatory Success (PTRS) specific to the IPR&D assets. The determination of these PTRS is based on benchmarks and internal analysis.

Other assumptions relate to income tax rate and tax amortization benefit, useful life and discount rate. The fair value of the IPR&D assets is considered amortizable for income tax purposes from the viewpoint of a market participant. The present value of the tax benefit from amortization of the assets is added to the present value of the incremental after-tax cash flows to arrive at the indicated value of the IPR&D assets. The magnitude of the discount rate applied to the projected cash flows is related to the perceived risk the investment and current capital costs. The discount rate utilized represents an estimate of the Weighted Average Cost of Capital.

All prospective financial information, PTRS and other assumptions are assessed on a case-by-case basis taking into account all specific circumstances.

Actual outcomes could vary significantly from such assumptions and could impact the value of the intangibles and related deferred taxes in future periods. An impairment test is performed at least once a year and whenever there is an indication that an impairment might exists. See also note 4.2.2 Intangible assets and goodwill.

4.2.7 Assessment of control over an investment in case more than 50% of the shares are held by non-controlling interests.

In order to assess whether or not UCB has control over an investment in case more than 50% of the shares are held by non-controlling interests, any contractual arrangement between UCB and the investment is considered as well as the design and the purpose of investment, the power to direct the relevant activities of the investment, the contractual sharing of risk as well as the power of UCB compared to the non-controlling interests to affect the returns of the investment.

5. Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities. These financial risks mainly include market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

This note presents information about the Group exposure and management of the above-mentioned risks and the Group management of capital.

5.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities or holds financial assets in order to manage market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility in the income statement. It is the Group policy and practice not to enter into derivative transactions for speculative purposes.

5.1.1 Foreign exchange risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in euro. The Group actively monitors its currency exposures, and when appropriate, enters into transactions with the aim of preserving the value of existing assets and liabilities, as well as anticipated transactions. The Group uses forward contracts, foreign exchange options and cross-currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

The instruments purchased to hedge transactional exposure are primarily denominated in U.S. Dollar, British Pound, Japanese Yen and Swiss Franc, the currencies where the Group has its most important exposures. The Group's financial risk management policy is to hedge for the impact from the translation of foreign currency assets and liabilities into the functional currency of the relevant group subsidiaries, as well as the impact of currency fluctuations on the Group's anticipated net foreign currency cash flows for a period of minimum 6 and maximum 26 months.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The effect of translational exposure arising from the consolidation of the foreign currency denominated financial statements of the Group foreign subsidiaries as well as from assimilated net foreign investment positions and net investment hedges is shown as a cumulative translation adjustment in the Group consolidated statement of changes in equity.

5.1.2 Effect of currency fluctuations

At 31 December, 2020, if the euro had strengthened or weakened by 10% against the following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year, based on the outstanding currency balances and hedge instruments at that date, would have been as follows:

At December 31, 2020 € million	Change in rate. Strengthening/ weakening (-) euro	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	+10%	135	39
	-10%	-165	-48
GBP	+10%	-11	0
	-10%	13	-1
CHF	+10%	-57	1
	-10%	69	-2
JPY	+10%	10	1
	-10%	-13	-1

At December 31, 2019 € million	Change in rate. Strengthening/ weakening (-) euro	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	+10%	-75	-15
	-10%	172	18
GBP	+10%	-45	1
	-10%	56	-1
CHF	+10%	-63	0
	-10%	77	0
JPY	+10%	15	3
	-10%	-18	-4

5.1.3 Interest rate risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets, liabilities and instruments as described in the following section on market risk of financial assets. The interest rates on the Group's major debt instruments are both fixed and floating, as described in Notes 29 and 30. The Group uses interest rate derivatives to manage its interest rate risk, as described in Note 39.

The Group designates derivative financial instruments (interest rate swaps) as hedging instruments, under fair value hedges, to fixed rate financial assets and liabilities. Both the derivative financial instrument and the hedged item are accounted for at fair value through profit or loss.

In 2020, changes in fair value resulting from interest rate derivatives designated to the floating rate liabilities of the Group have been accounted for through equity under IFRS 9.

5.1.4 Effect of interest rate fluctuations

A 100 basis points increase in interest rates at statement of financial position date would have increased equity by € 10 million (2019: € 0 million); a 100 basis points decrease in interest rates would have decreased equity by € 11 million (2019: € 0 million).

A 100 basis points increase or decrease in interest rates at statement of financial position date would have no impact on profit and loss (2019: € 0 million).

All interest rate hedges are either designated as cash flow hedges or fair value hedges under IFRS9 and therefore, except for minimal hedge inefficiency, the result of a change in the interest rate curve is accounted for through equity, respectively offset by the revaluation through P&L of the hedged item.

These concern all pre-tax calculations.

5.1.5 Other market price risk

Changes in the market value of certain financial assets and derivative financial instruments can affect the income or the financial position of the Group. Financial long-term assets, if any, are held for contractual purposes, and marketable securities, if any, are mainly held for regulatory purposes. The risk of loss in value is managed by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile.

Investments in equities, bonds, debentures and other fixed income instruments are entered into on the basis of guidelines with regard to liquidity and credit rating.

Amounts subject to market price risk are rather immaterial and therefore the impact on equity or the income statement of a reasonable change of this market price risk is assumed to be negligible.

Similar to 2019, during 2020 the Group traded on treasury shares, which were accounted for through equity.

5.2 Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, ongoing credit evaluation and account monitoring procedures. There are certain concentrations within trade receivables of counterparty credit risk, particularly in the U.S., due to the sales via wholesalers (Note 25).

For some credit exposures in critical countries, such as certain Southern European countries, the Group has obtained credit insurance.

In the U.S., the Group entered into a trade receivable financing agreement that qualifies for derecognition. According to the terms and conditions of the agreement UCB does not retain any non-payment or further late payment risk relating to the transferred trade receivables.

The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high-quality counterparties, regular reviews of credit ratings, and setting defined limits for each individual counterparty. The criteria set by

Group Treasury for their investment policy are based on generally considered high-quality long-term credit ratings and 5 years Credit Default Swap rate.

Where appropriate to reduce exposure, netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement are signed with the respective counterparties. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements, is equal to the carrying amount of financial assets plus the positive fair value of derivative instruments.

5.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation.

The Group maintains sufficient reserves of cash and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the Group has certain unutilized revolving committed facilities at its disposal.

At the statement of financial position date, the Group had the following sources of liquidity available:

- cash and cash equivalents (Note 26): € 1 336 million (2019: € 1 293 million)
- unutilized credit facilities and undrawn available amount under finance contract (Note 29): € 47 million (2019: € 55 million), linear digressive since 2016 until 2025
- unutilized revolving credit facilities (Note 29): € 1 billion (2019: € 1 billion); the existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2025 was undrawn per end 2020

The table below analyses the contractual maturities of the Group financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date, excluding the impact of netting. The amounts mentioned below with respect to the financial derivatives are indicative of the contractual undiscounted cash flows.

At December 31, 2020

€ million	Note	**Total**	Contractual cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank Borrowings and other long-term loans	29	1 567	1 567	13	0	1 554	0
Debentures and other short term loans	29	0	0	0	0	0	0
Lease liabilities	29	110	126	35	27	33	31
Private Placement maturing in 2027	30	150	162	2	2	5	153
Retail bond maturing in 2023	30	186	203	9	9	185	0
Institutional Eurobond maturing in 2022	30	351	364	7	7	350	0
Institutional Eurobond maturing in 2021	30	350	364	14	350	0	0
Retail bond maturing in 2020	30	0	0	0	0	0	0
EMTN notes maturing in 2019	30	0	0	0	0	0	0
Trade and other liabilities	35	2 229	2 229	2 138	12	71	8
Bank overdrafts	29	33	33	33	0	0	0
Interest rate swaps		20	20	11	5	4	0
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow		2 924	2 924	2 924	0	0	0
Inflow		2 998	2 998	2 998	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow		1 623	1 623	1 623	0	0	0
Inflow		1 583	1 583	1 583	0	0	0

At December 31, 2019

€ million	Note	**Total**	Contractual cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank Borrowings and other long-term loans	29	31	31	17	14	0	0
Debentures and other short-term loans	29	0	0	0	0	0	0
Lease liabilities	29	99	106	35	23	27	21
Retail bond maturing in 2023	30	189	212	9	9	194	0
Institutional Eurobond maturing in 2022	30	352	371	7	7	357	0
Institutional Eurobond maturing in 2021	30	355	378	14	364	0	0
Retail bond maturing in 2020	30	250	259	259	0	0	0
EMTN notes maturing in 2019	30	0	0	0	0	0	0
Trade and other liabilities	35	1 888	1 888	1 856	9	10	13
Bank overdrafts	29	5	5	5	0	0	0
Interest rate swaps		38	38	15	12	11	0
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow		3 919	3 919	3 919	0	0	0
Inflow		3 876	3 876	3 876	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow		1 236	1 236	1 236	0	0	0
Inflow		1 236	1 236	1 236	0	0	0

5.4 Capital risk management

The Group policy with respect to managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to patients and to reduce the Group external debt further, in order to obtain a capital structure that is consistent with others in the industry.

€ million	**2020**	2019
Total borrowings (Note 29)	1 710	135
Bonds (Note 30)	1 037	1 146
Less: cash and cash equivalents (Note 26)	-1 336	-1 293
Net debt	1 411	-12
Total equity	7 272	7 009
Total financial capital	8 683	6 997
Gearing ratio	**16%**	**0%**

5.5 Fair value estimation

The fair value of financial instruments traded in active markets (such as financial assets at fair value through OCI) is based on quoted market prices at the statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined by using established valuation techniques such as option pricing models and estimated discounted values of cash flows. The Group uses a variety of methods and makes assumptions that are based on market conditions and the credit and the non-performance risks existing at each statement of financial position date.

Quoted market prices are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of the forward exchange contract is determined using discounted value of the exchanged amounts in currencies, converted at the prevailing spot rate at the statement of financial position date.

The carrying amount less impairment provision of trade receivables and trade payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments.

5.5.1 Fair value hierarchy

IFRS 7 requires disclosure of fair value measurements by level of the following hierarchy:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair value measurements disclosed are recurring.

5.5.2 Financial assets measured at fair value

December 31, 2020 € million	Level 1	Level 2	Level 3	**Total**
Financial assets				
Financial assets at FVOCI (Note 23)				
Quoted equity securities	115	0	0	115
Quoted debt securities	0	0	0	0
Derivative financial assets (Note 39)				
Forward foreign exchange contracts – cash flow hedges	0	86	0	86
Forward exchange contracts – fair value through profit and loss	0	37	0	37
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	15	0	15
Other financial assets excluding derivatives (Note 23)				

December 31, 2019

€ million	Level 1	Level 2	Level 3	**Total**
Financial assets				
Financial assets at FVOCI (Note 23)				
Quoted equity securities	106	0	0	106
Quoted debt securities	0	0	0	0
Derivative financial assets (Note 39)				
Forward foreign exchange contracts – cash flow hedges	0	9	0	9
Forward exchange contracts – fair value through profit and loss	0	13	0	13
Foreign exchange options – net investment hedges	0	2	0	2
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	26	0	26
Other financial assets excluding derivatives (Note 23)				

5.5.3 Financial liabilities measured at fair value

December 31, 2020

€ million	Level 1	Level 2	Level 3	**Total**
Financial liabilities				
Derivative financial assets (Note 39)				
Forward foreign exchange contracts – cash flow hedges	0	0	0	0
Forward exchange contracts – fair value through profit and loss	0	81	0	81
Interest rate derivatives – cash flow hedges	0	4	0	4
Interest rate derivatives – fair value through profit and loss	0	0	0	0
Other financial liabilities excluding derivatives (Note 31)				
Warrants	0	0	0	0

December 31, 2019

€ million	Level 1	Level 2	Level 3	**Total**
Financial liabilities				
Derivative financial assets (Note 39)				
Forward foreign exchange contracts – cash flow hedges	0	30	0	30
Forward exchange contracts – fair value through profit and loss	0	11	0	11
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	1	0	1
Other financial liabilities excluding derivatives (Note 31)				
Warrants	0	0	29	29

During the reporting period ending December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value measurements categorized within Level 2 of the fair value hierarchy are calculated using either the "Discounted cash flow" or the "Black-Scholes" method (for FX options only) and market data publicly available.

The fair value of the warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. As per December 31, 2020, all amounts were paid and the value has been reduced to zero. The change in fair value, recognized in profit and loss, amounts to € 1 million (2019 € 4 million) and is accounted for in other financial expenses (Note 17).

The following table presents the changes in Level 3 instruments:

€ million	Warrants	**Total**
January 1, 2019	**55**	**55**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	-31	-31
Effect of changes in fair value recognized in profit and loss	4	4
Effect of movements in exchange rates	2	2
December 31, 2019	**29**	**29**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	-30	-30
Effect of changes in fair value recognized in profit and loss	1	1
Effect of movements in exchange rates	0	0
December 31, 2020	**0**	**0**

5.6 Offsetting financial assets and financial liabilities

While the Group has amounts subject to an enforceable master netting arrangement or similar agreements, financial assets and financial liabilities are reported gross on the statement of financial position as the requirements are not met to report them net. The reconciliations below depict the amounts subject to an enforceable master netting arrangement or similar agreement that have not been netted on the statement of financial position.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

		Related amounts not set off in the statement of financial position		
December 31, 2020 € million	Gross financial assets in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	138	57	0	81
Other	0	0	0	0
Total	**138**	**57**	**0**	**81**

December 31, 2020 € million	Gross financial assets in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral received	Net amounts
Derivatives	89	57	0	32
Other	0	0	0	0
Total	**89**	**57**	**0**	**32**

ISDA master agreements (International Swaps and Derivatives Association) have been signed with the respective counterparties allowing offsetting of financial assets and liabilities. This is applicable to the fair value settlement in case of default, but it is not applicable at the closing date December 31, 2020.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

December 31, 2019 € million	Gross financial assets in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral received	Net amounts
Derivatives	50	18	0	32
Other	0	0	0	0
Total	**50**	**18**	**0**	**32**

December 31, 2019 € million	Gross financial assets in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Related amounts not set off in the statement of financial position: Cash collateral received	Net amounts
Derivatives	42	18	0	24
Other	0	0	0	0
Total	**42**	**18**	**0**	**24**

6. Segment reporting

The Group's activities are in one segment, Biopharmaceuticals.

There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, that being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis, therefore UCB operates as one segment.

Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below.

6.1 Product sales information

Net sales consist of the following:

€ million	**2020**	2019
Cimzia®	1 799	1 712
Vimpat®	1 451	1 322
Keppra® (including Keppra® XR)	788	770
Neupro®	311	319
Briviact®	288	221
Xyzal®	74	101
Zyrtec® (including Zyrtec-D®/Cirrus®)	75	89
Other products	237	250
Designated hedges reclassified to net sales	29	-104
Total net sales	**5 052**	**4 680**

6.2 Geographic information

The table below shows net sales in each geographic market in which customers are located:

€ million	**2020**	2019
U.S.	2 759	2 546
Japan	379	368
Germany	339	333
Europe – other (excluding Belgium)	330	332
Spain	192	189
France (including French territories)	164	171
Italy	154	150
U.K. and Ireland	148	115
China	108	139
Belgium	47	42
Other countries	403	399
Designated hedges reclassified to net sales	29	-104
Total net sales	**5 052**	**4 680**

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located:

€ million	2020	2019
Belgium	434	337
Switzerland	262	283
U.K. and Ireland	163	65
U.S.	80	57
Japan	24	26
China	23	22
Germany	22	21
Other countries	27	29
Total	**1 035**	**840**

6.3 Information about major customers

UCB has 3 customers which individually account for more than 10% of the total net sales for 2020 and 2019:

- Mckesson, US for which net sales 2020 amount to € 803 million (16% of total net sales) (2019: € 774 million, 17% of net sales)
- Cardinal Health, US for which net sales 2020 amount to € 674 million (13% of total net sales) (2019: € 610 million, 13% of net sales)
- Amerisourcebergen Corp, US for which net sales 2020 amount to € 617 million (12% of total net sales) (2019: € 550 million, 12% of net sales)

7. Revenue from contracts with customers

The Group has recognized the following amounts relating to revenue in the consolidated income statement:

€ million	2020	2019
Revenue from contracts with customers	5 327	4 895
Revenue from agreements whereby risks and rewards are shared	20	18
Total revenue	**5 347**	**4 913**

7.1 Disaggregation of revenue from contracts with customers

	Actual		Timing of revenue recognition			
			2020		2019	
€ million	2020	2019	**At a point in time**	**Over time**	At a point in time	Over time
Net sales U.S.	**2 759**	**2 546**	**2 759**	**0**	**2 546**	**0**
Cimzia®	1 174	1 088	1 174	0	1 088	0
Vimpat®	1 072	1 001	1 072	0	1 001	0
Keppra®	167	189	167	0	189	0
Briviact®	220	170	220	0	170	0
Nayzilam®	26	1	26	0	1	0
Neupro®	98	97	98	0	97	0
Established brands	1	0	1	0	0	0
Net sales Europe	**1 374**	**1 332**	**1 374**	**0**	**1 332**	**0**
Cimzia®	431	429	431	0	429	0
Keppra®	223	196	223	0	196	0
Vimpat®	263	236	263	0	236	0
Neupro®	168	170	168	0	170	0
Briviact®	60	45	60	0	45	0
Evenity®	2	0	2	0	0	0
Established brands	226	256	226	0	256	0
Net sales international markets	**889**	**906**	**889**	**0**	**906**	**0**
Keppra®	398	385	398	0	385	0
Cimzia®	194	194	194	0	194	0
Vimpat®	115	86	115	0	86	0
Neupro®	45	52	45	0	52	0
Evenity®	0	0	0	0	0	0
Established brands	129	183	129	0	183	0
Net sales before hedging	**5 023**	**4 784**	**5 023**	**0**	**4 784**	**0**
Designated hedges reclassified to net sales	29	-104	29	0	-104	0
Total net sales	**5 052**	**4 680**	**5 052**	**0**	**4 680**	**0**
Royalty income and fees	**96**	**78**	**96**	**0**	**78**	**0**
Contract manufacturing revenues	152	109	152	0	109	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	20	24	10	10	11	13
Revenue resulting from services & other deliveries	7	4	2	5	3	1
Total other revenue	**179**	**137**	**164**	**15**	**123**	**14**
Total revenue from contracts with customers	**5 327**	**4 895**	**5 311**	**16**	**4 881**	**14**

7.2 Contract assets and liabilities

The group has recognized the following revenue-related contract liabilities:

€ million	Note	2020	2019
Contract liabilities resulting from out-licensing agreements			
Non-current	35	2	2
Current	35	99	7
Total revenue-related contract liabilities		**101**	**9**

The Group does not have any revenue-related contract assets.

Revenue-related contract liabilities relate to unsatisfied performance obligations resulting from out-licensing agreements with Otsuka, Genentech, GSK and Pfizer (see below). These liabilities have increased mainly because of the new development and license agreement that was concluded during the year between UCB and Genentech Inc.

The following table shows how much of the revenue recognized in the current reporting period was included in the contract liability balance at the beginning of the period and how much relates to performance obligations that were satisfied in previous periods.

€ million	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period	**6**	**13**
Revenue resulting from out-licensing agreements	6	13
Revenue recognized that relates to performance obligations that were satisfied in a prior year	**136**	**107**
Product sales	34	20
Revenue resulting from out-licensing agreements	102	87

The following table shows unsatisfied performance obligations resulting from out-licensing agreements:

€ million	Note	2020	2019
Aggregate amount of the transaction price allocated to development agreements that are partially or fully unsatisfied as at December 31	35	99	3
Upfront payments received for out-licensing agreements to be taken in revenue as performance obligations are satisfied over time	35	2	6
Unsatisfied performance obligations resulting from out-licensing agreements		**101**	**9**

Management expects that 17% of the transaction price allocated to the unsatisfied development agreements as of December 31, 2020 will be recognized as revenue during the next reporting period. 40% is assessed to be recognized during 2022 and the remaining 43% will be recognized in financial years 2021 till 2026. The amount disclosed above does not include variable consideration which is constrained. The performance obligations still to be satisfied concern development activities to be performed over the next years (€ 99 million) as well as providing access to IP rights owned by the Group (€ 2 million).

All other development, manufacturing or other service agreements are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied agreements is not disclosed.

No assets are recognized from costs to fulfill a contract.

8. Business combination

8.1 Acquisition of Ra Pharmaceuticals Inc.

On October 10, 2019, UCB announced that it had reached an agreement whereby UCB would purchase and acquire 100% of the outstanding shares of Ra Pharmaceuticals Inc., a U.S. clinical-stage biopharma company based in Cambridge, Massachusetts.

On April 2, 2020, UCB announced the successful acquisition of Ra Pharma, a now wholly owned subsidiary of UCB, for a total transaction cash value of $ 2.3 billion (U.S.) based on $ 48 (U.S.) in cash per Ra Pharma share and taking into consideration Ra Pharma's cash and settlement of acquisition-related expenses.

By acquiring Ra Pharma, UCB has reinforced its neurology portfolio by adding *zilucoplan*, a Phase 3 investigational molecule in myasthenia gravis (MG). *Zilucoplan* is also under early-stage investigation in other complement-mediated diseases including amyotrophic lateral sclerosis (ALS) and immune-mediated necrotizing myopathy (IMNM). The acquisition of Ra Pharma will also broaden the scientific expertise scope of UCB as UCB got access to Ra Pharma's breakthrough macrocyclic peptide chemistry platform. Last but not least, the acquisition will strengthen UCB's R&D footprint in the U.S.

The investment represents an amount of US$ 2 billion (net of Ra Pharma cash) based on US$ 48 in cash per Ra Pharma share, UCB has finalized the purchase price allocation. The table below shows the final amounts for the net assets acquired and goodwill. The goodwill is attributable to expected synergies with UCB's biotech research activities as well as skilled workforce. Goodwill is not expected to be tax deductible. Adjustments due to the initial purchase price allocation mainly relate to the recognition of the intangible asset *zilucoplan* and related deferred taxes. For the valuation of the *zilucoplan* intangible asset, a discount rate of 12.5% has been used. Estimated cash flows were taken into account for a period of 26 years. No material receivables were acquired as part of the business combination. No contingent liabilities have been identified. Acquisition-related costs for an amount of € 95 million have been recorded under Other Expenses in the period ending December 31, 2020. No revenue is included in the consolidated income statement for the reporting period since acquisition. Except for transaction costs, the loss of Ra Pharma included in the consolidated income statement for the reporting period since acquisition is not material. The amounts of revenue and loss for Ra Pharma assuming the acquisition date would have been January 1, 2020 would not have been materially different from what is included now in the consolidated income statement since April 2, 2020.

€ million	Initial opening statement of financial position	Adjustments due to initial purchase price allocation	Adjusted opening statement of financial position
Total acquisition value	**2 095**	**0**	**2 095**
Cash consideration paid	2 095		2 095
Recognized amounts of identifiable assets acquired and liabilities assumed	**44**	**1 890**	**1 934**
Non-current assets			
Intangibles		2 273	2 273
Property, plant and equipment (incl. ROU assets*)	15	7	22
Current assets			
Cash	217		217
Other current assets	9	4	13
Non-current liabilities			
Deferred taxes		384	384
Lease liabilities	12	4	16
Current liabilities	185	6	191
Goodwill	**2 051**	**-1 890**	**161**

*ROU asset = right of use asset

8.2 Acquisition of Engage Therapeutics Inc.

On June 5, 2020, UCB acquired Engage Therapeutics Inc. Engage is a small, privately held company founded by parents with children living with epilepsy, who have been developing a new therapeutic solution for people living with epilepsy – Staccato® *Alprazolam*. Staccato® *Alprazolam* is a small, single-use, non-invasive, hand-held inhalation device that delivers *alprazolam* with a single, normal breath. This Phase 2b development medicine has been specifically designed to treat a currently totally unmet need: rapid termination of an ongoing prolonged epileptic seizure (within 30 seconds – 2 minutes) with no recurrence within two hours.

The addition of Staccato® *Alprazolam* to UCB's epilepsy portfolio means that, once this medicine is approved, UCB has the potential to deliver on-demand, rapid seizure termination for 20-30% of people living with epilepsy. Additionally, the product has the potential for use in connection with seizure detection/prediction technology.

UCB Holdings Inc. acquired 100% of the shares of Engage. The Purchase Price for these shares consists out of a closing payment (US$ 125 million) adjusted for net debt and transaction costs and milestone payments for a total amount of US$ 145 million. These payments are contingent on future milestones. The fair value of the contingent consideration is estimated at € 88 million. This fair value takes into account the assumed likelihood and timing of achieving the arrangement's milestones. No changes were necessary to this estimate since acquisition date. The liability at closing rate is presented within non-current 'Trade and other liabilities' for an amount of € 61 million and within current 'Trade and other liabilities' for an amount of € 20 million. Upon acquisition, an amount of € 3 million was paid by UCB to settle net debt and transaction costs of Engage. This payment cannot be considered as being part of the consideration transferred to the sellers in exchange for control of Engage in accordance with the provisions in IFRS 3 Business combinations. UCB has finalized the purchase price allocation. The table below shows the initial amounts for the net assets acquired. No goodwill has been recognized. Adjustments due to the initial purchase price allocation mainly relate to the recognition of the intangible asset Staccato® *Alprazolam* and related deferred taxes. No material receivables were acquired as part of the business combination. No contingent liabilities have been identified. Acquisition-related costs for an amount of € 4 million have been recorded under Other Expenses in the period ending December 31, 2020. No revenue is included in the consolidated income statement for the reporting period since acquisition. The loss of Engage included in the consolidated income statement for the reporting period since acquisition is not material. The amounts of revenue and loss for Engage assuming the acquisition date would have been January 1, 2020 would not have been materially different from what is included now in the consolidated income statement since June 5, 2020.

€ million	Initial opening statement of financial position	Adjustments due to purchase price allocation	Adjusted opening statement of financial position
Total investment value	**196**	**0**	**196**
Cash consideration paid	106		106
Amount paid to escrow account	2		2
Contingent consideration	88		88
Recognized amounts of identifiable assets and liabilities	**-3**	**199**	**196**
Non-current assets			
Intangibles		246	246
Current assets	12		12
Non-current liabilities			
Deferred taxes		47	47
Current liabilities	15		15
Goodwill	**199**	**-199**	**0**

9. Discontinued operations and assets and liabilities of disposal group classified as held for sale

9.1 Discontinued operations

For 2020, the profit from discontinued operations amounts to € 0 million. The profit from discontinued operations of € 2 million for 2019 mainly relates to profit resulting from the settlement of claims relating to the sale of UCB's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc in 2015.

The cash flows from discontinued operations have been separately disclosed in the cash flow statement. In 2019 there was a total cash outflow of € 11 million, partly related to the settlement of a claim relating to activities of KU (€ 8 million) and partly to payments for environmental remediation related to the legacy films and chemical activities (€ 3 million).

9.2 Assets and liabilities of disposal group classified as held for sales

Assets and liabilities of disposal group classified as held for sale as per December 31, 2020 relate to the divestment of non-core established brand products. As not all market authorizations have been transferred already to the buyer, UCB is still owner of the commercial stock for these divested non-core established brand products in some countries. No write-off has been accounted for on this stock.

Assets of disposal group classified as held for sale as per December 31, 2019 mainly relate to the divestment of non-core established brand products. Assets consist mainly of intellectual property rights and inventory. Liabilities relate to deferred tax liabilities.

Detail of assets and liabilities of disposal group classified as held for sale as per December 31, 2020 and 2019:

€ million	**2020**	2019
Intangible assets	0	35
Inventories	3	15
Assets classified as held for sale	**3**	**50**
Deferred income tax liabilities	0	9
Liabilities associated with assets classified as held for sale	**0**	**9**
Net assets classified as held for sale	**3**	**41**

10. Other revenues

€ million	**2020**	2019
Upfront payments, milestone payments and reimbursements	48	46
Contract manufacturing revenues	152	109
Total other revenue	**200**	**155**

During 2020, UCB received milestone payments and reimbursements from different parties, mainly:

- Otsuka for co-development of E Keppra® and Neupro® in Japan. The UCB team took over distribution of E Keppra® from partner Otsuka in October 2020;
- Daiichi Sankyo for Vimpat® in Japan;
- Astellas for Cimzia® in Japan;
- Biogen for co-development of antibody *dapirolizumab pegol*;
- R-Pharm for *olokizumab* in Belgium;
- Roche and Genentech for the global development and commercialization of *bepranemab*;

The revenue from contract manufacturing activities is mainly linked to the entering into toll manufacturing agreements after divestiture of established brands.

11. Operating expenses by nature

The table below illustrates certain items of expense recognized in the income statement using a classification based on their nature within the Group:

€ million	Note	2020	2019
Employee benefit expenses	12	1 316	1 293
Depreciation of property, plant and equipment	22	139	123
Amortization of intangible assets	20	215	190
Impairment of non-financial assets (net)	14	0	2
Total		**1 670**	**1 608**

12. Employee benefit expense

€ million	Note	2020	2019
Wages and salaries		904	862
Social security costs		136	124
Post-employment benefits – defined benefit plans	33	65	60
Post-employment benefits – defined contribution plans		46	48
Share-based payments to employees and directors	28	81	69
Insurance		31	71
Other employee benefits		53	59
Total employee benefit expense		**1 316**	**1 293**

The total employee benefit expense has been allocated along functional lines within the income statement.

Other employee benefits consist mainly of termination benefits, severance payments, and other long-term/short-term disability benefits.

Headcount at 31 December

€ million	2020	2019
Hourly paid	0	0
Monthly paid	2 986	2 891
Management	5 423	4 715
Total	**8 409**	**7 606**

Further information regarding post-employment benefits and share-based payments can be found in Notes 28 and 33.

13. Other operating income/expenses

€ million	2020	2019
Provisions	-15	15
Impairment trade receivable	-4	-4
Gain/Loss (-) on disposal of non-current assets	-3	7
Reimbursement by third parties for development expenses	5	4
Grants received	18	15
Collaboration agreement for the development and commercialization of Evenity™	96	8
Other income/expenses (-)	-2	3
Total other operating income / expenses (-)	**95**	**48**

The result of the collaboration agreement with Amgen for the development and commercialization of Evenity™ amounted to € 96 million income (compared to € 8 million income in 2019). All recharges of development and commercialization expenses to/from Amgen are classified as other operating income/expenses. The equivalent total net recharges as per December 31, 2020 consisted of € 98 million marketing and selling income (€ 14 million in 2019) and € -2 million development expenses (€ -6 million in 2019).

The provisions are mainly related to VAT risks and grant recoverability risks.

14. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets did not lead the recognition of impairment charges in 2020 (2019: € 2 million, relating to the micro RNA targeting platform acquired from Beryllium LLC).

No impairment charges for Group property, plant and equipment were recognized in 2020 (2019: € 0 million).

No reasonably possible change in a key assumption on which management has based its determination of the assets recoverable amounts would ca use the assets carrying amount to exceed its recoverable amount.

15. Restructuring expenses

The restructuring expenses for the year ended 31 December 2020 amount to € 20 million (2019: € 47 million) and are related to new organization models and business discontinuation. Provisions for restructuring as defined in IAS 37.70 that are included, meet the criteria in IAS 37.72.

16. Other income/expenses

Total other income/expenses amounted to an expense of € 102 million (2019: income of € 1 million) and is comprised of the following items:

- Gain on disposal: € 53 million in 2020. € 16 million is related to the divestment of Niferex® (iron supplement) franchise in China (€ 41 million in 2019 related to the sale of Innere Medizin and non-core Established Brand products) and € 37 million related to the sale of Alprostadil in Germany.
- Other expenses: € 155 million in 2020, related mainly to the Ra Pharma acquisition fees (€ 95 million), the Distilbène provision and intellectual property fees (2019: € 59 million and mainly relate to intellectual property fees and Distilbène provision).

17. Financial income and financial expenses

The net financial expenses for the year amounted to € 93 million (2019: € 107 million). The breakdown of the financial expenses and financial income is as follows:

The net other financial income/expenses include € 1 million expenses related to the changes in fair value of the warrants linked to the structured entity Edev Sàrl (€ -4 million in 2019) (Note 5.5.3.).

Financial expenses

€ million	**2020**	2019
Interest expenses on:		
Retail bonds	-18	-25
Institutional Eurobonds	-15	-17
Other borrowings	-31	-15
Financial charges on leases	-4	-3
Net fair value losses on foreign exchange derivatives	-31	0
Net foreign exchange losses	-7	-59
Net other financial income/expenses (-)	-1	-6
Total financial expenses	**-107**	**-125**

Financial income

€ million	**2020**	2019
Interest income on:		
Bank deposits	1	1
Interest rate derivatives	13	16
Net fair value gain on foreign exchange derivatives	0	1
Total financial income	**14**	**18**

18. Income tax expense (-)/credit

€ million	**2020**	2019
Current income taxes	-198	-225
Deferred income taxes	79	80
Total income tax expense (-)/credit	**-119**	**-146**

The Group operates internationally, implying being subject to income taxes in many different tax jurisdictions.

The income tax expense on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits (losses) of the consolidated companies.

Income taxes recognized in the income statement can be detailed as follows:

€ million	**2020**	2019
Theoretical income tax rate	21%	22%
Income tax expense (-) calculated at domestic tax rates applicable in the respective countries	-181	-210
Theoretical income tax rate	21%	22%
Reported current income tax	-198	-225
Reported deferred income tax	79	80
Total reported tax charge	**-119**	**-146**
Effective income tax rate	13%	15%
Difference between theoretical and reported tax	**62**	**64**
Expenses non-deductible for tax purposes	-35	-28
Non-taxable income	1	19
Increase (-) / decrease of liabilities for uncertain tax positions	-3	-53
Effect of previously unrecognized tax credits and losses used in the period	0	3
Tax credits	108	89
Variation in tax rates	-1	42
Effect of reversal of previously recognised DTA* on tax losses	0	0
Current tax adjustments related to prior years	8	17
Deferred tax adjustments related to prior years	9	6
Net effect of previously unrecognised DTA and non-recognition of current year deferred tax assets	-30	-38
Withholding tax	1	-2
Other taxes	6	9
Total difference between theoretical and reported income tax	**62**	**64**

*DTA = deferred tax asset

The theoretical income tax rate remained stable compared to the prior year.

The effective tax rate of 13% is slightly below the prior year effective tax rate and is composed of a current tax charge and a deferred tax credit. The key drivers for the rate can be summarized as follows:

Current Tax

- The increasing impact of predominantly R&D related tax incentives in key jurisdictions.
- Expenses related to UCB's current year acquisitions which are not considered tax-deductible.
- The tax impact of certain current year and prior year one-off IP or legal entity reorganizations.

Deferred Tax

- Less pronounced due to the increase of UCB's profitability, there was an increase to the tax rate in respect of deferred tax balance movements and carry-forward innovation income deduction generated by UCB in the period for which no deferred tax asset could be recognized.
- Impact of the application of the new group contribution regime under Belgian tax law.
- Recognition of additional deferred tax assets on R&D tax credits which will be offset against future taxable income.

Factors affecting the tax charge in future years

The Group is aware of many factors that could impact the future effective tax rate of the Group, in particular the profit/losses mix between different territories in which the Group operates, the amount of unrecognized losses and other tax attributes that in future can be recognized as a deferred tax asset on the statement of financial position and the outcome of ongoing and future tax audits.

Corporate restructuring, acquisitions, disposals and other transactions may also impact the Group's future tax charge.

Changes to tax legislation in jurisdictions where the Group operates as well as the impact of international tax rules may also have a major impact. UCB is closely following up and engaging into the discussions on the OECD's initiatives on the tax challenges arising from the digitalization of the economy. There is also close monitoring of EU initiatives such as the Common Consolidated Corporate Tax Base (CCCTB) and the newly announced Tax Action Plan.

Next to the OECD and EU developments, UCB follows up closely on tax developments in key jurisdictions with a substantial sales or R&D footprint, such as the U.S. (new presidency), Belgium (new government) and the U.K. (Brexit).

UCB's tax situation is currently not significantly impacted by the COVID-19 situation but given the unprecedented nature, continuous assessment is taking place.

19. Components of other comprehensive income (including NCI[1])

€ million	January 1, 2019	Movements 2019 net of tax	December 31, 2019	Movements 2020 net of tax	December 31, 2020
Items of OCI[2] to be reclassified to profit or loss in subsequent periods:	**-211**	**165**	**-45**	**-226**	**-271**
Cumulative translation adjustments	-154	96	-58	-314	-372
Financial assets at FVOCI[3]	-6	14	9	27	36
Cash flow hedges	-51	55	4	61	65
Items of OCI[2] not to be reclassified to profit or loss in subsequent periods:	**-335**	**29**	**-306**	**-24**	**-330**
Remeasurement of defined benefit obligation	-335	29	-306	-24	-330
Total other comprehensive income attributed to equity holders	**-546**	**194**	**-351**	**-250**	**-601**

[1] NCI =non-controlling interest
[2] OCI = other comprehensive income
[3] FVOCI = Fair value through other comprehensive income

20. Intangible assets

2020 € million	Trademarks, patents and licences	Other	**Total**
Gross carrying amount at January 1	**2 760**	**397**	**3 157**
Additions	54	20	74
Disposals	-6	-5	-11
Business Combinations	2 519	0	2 519
FX on Business Combinations	-110	0	-110
Transfer from one heading to another	0	40	40
Effect of movements in exchange rates	-257	-3	-260
Gross carrying amount at December 31	**4 960**	**449**	**5 409**
Accumulated amortization and impairment losses at January 1	**-2 050**	**-268**	**-2 318**
Amortization charge for the year	-180	-35	-215
Disposals	3	3	6
Impairment losses recognized in the income statement	0	0	0
Transfer from one heading to another	0	0	0
Effect of movements in exchange rates	89	2	91
Accumulated amortization and impairment losses at December 31	**-2 138**	**-298**	**-2 436**
Net carrying amount at December 31	**2 822**	**151**	**2 973**

2019 € million	Trademarks, patents and licences	Other	**Total**
Gross carrying amount at January 1	**2 737**	**358**	**3 095**
Additions	149	24	173
Disposals	-25	-3	-28
Business Combinations	1	0	1
Transfer from one heading to another	0	17	17
Transfer to assets held for sale	-147	0	-147
Effect of movements in exchange rates	45	1	46
Gross carrying amount at December 31	**2 760**	**397**	**3 157**
Accumulated amortization and impairment losses at January 1	**-1 992**	**-233**	**-2 225**
Amortization charge for the year	-155	-35	-190
Disposals	25	1	26
Impairment losses recognized in the income statement	-1	0	-1
Transfer from one heading to another	0	0	0
Transfer to assets held for sale	112	0	112
Effect of movements in exchange rates	-39	-1	-40
Accumulated amortization and impairment losses at December 31	**-2 050**	**-268**	**-2 318**
Net carrying amount at December 31	**710**	**129**	**839**

The Group amortizes all intangible assets once they are placed in service. The amortization of intangible assets is allocated to cost of sales for all intangible assets that are related to compounds. The amortization charges related to software are allocated to the functions that use this software.

The majority of the Group intangible assets arose from previous acquisitions. During 2020, the Group acquired intangible assets totaling € 74 million (2019: € 173 million). These additions stem from in-licencing deals, software and capitalized eligible development costs, maily related to Cimzia® milestones (€ 13 million), buyback of Keppra® Japan from Otsuka (€ 15 million), and € 12 million capitalization of external development expenses for post approval studies.

UCB recognized intangibles assets of € 2 519 million from business combinations (refer to Note 8).

Disposals in 2020 mainly relate to divestment of Alprostadil license. For 2019, disposals were mainly in respect of an old license not used anymore.

During the year, the Group recognized total impairment charges of € 0 million (2019: € 1 million). The impairment charges are detailed in Note 14 and have been presented in the income statement under the caption "Impairment of non-financial assets".

Other intangible assets are primarily comprised of software and in-process development projects. The in-process development project assets are not amortized until they are available for use (i.e. when related products are launched for sale) and transferred to the licenses caption.

21. Goodwill

€ million	2020	2019
Net book value at January 1	**5 059**	**4 970**
Acquisition	161	13
FX on acquisition	-8	0
Other movements	0	1
Effect of movements in exchange rates	-248	75
Net book value at December 31	**4 964**	**5 059**

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. For the purpose of the impairment testing, the Group operates as one segment, Biopharmaceuticals, and has one single cash-generating unit (CGU), which represents the lowest level at which the goodwill is monitored.

The recoverable amount of the CGU is determined based on the value-in-use calculations and the methodology applied for performing the impairment testing has not been modified compared to 2019.

Key assumptions

The calculations performed are based on the cash flow projections as derived from the financials underlying the 10-year strategic plan approved by management and Board of Directors. Given the nature of the industry, the long-term projections are used to fully model the appropriate product lifecycles based on the patent expiry and therapeutic area. These long-term projections, which are based on past performance and management's expectations of market developments, are adjusted for specific risks and include:

- the revenue growth rates of newly-launched products;
- the probability of reaching commercial stage for new products and/or indications;
- the probability of success of future product launches and the expected dates thereof;
- the post-patent expiry erosion.

The key assumptions, when comparing to 2019, were adapted taking into account the latest developments of the probabilities of success and the post-patent expiry erosion.

For the "value in use" calculations required for the impairment testing, 5.93% discount rate for marketed products, 12.5% discount rate for pipeline products was used.

Taking into account current market evolutions, the cash flows beyond the projected forecasted period (terminal value) are extrapolated using an estimated growth rate of 2%, compared to 3% in 2019. The growth rate does not exceed the long-term average growth rate for the relevant territories in which the CGU operates.

The Group has most of its revenue and expenses in EUR and USD-based countries. The following important exchange rates were used in preparing the future cash flows:

	10 Years Projection	2019
USD	1.21 – 1.29	1.16 – 1.23
GBP	0.87 – 1.06	0.87 – 1.04
JPY	119 – 130	112 – 130
CHF	1.06 – 1.08	1.07 – 1.12

Starting from risk-free short-term LIBOR EUR 6 months and long-term EU generic government bonds 20 years (2019: 20 years), the discount rates applied are determined based on the weighted average cost of capital for DCF models, including the 20 year (2019: 20 year) benchmark cost of debt and equity, adjusted to reflect the specific asset and country risks associated with the CGU. Given the industry, the Group used a discount rate for marketed products of 5.93% (2019: 6.54%) and for pipeline products 12.5% (2019: 13.0%).

Marketed products are products that are sold in the market as per year-end; these comprise our products Cimzia®, Vimpat®, Neupro®, Keppra®, Briviact®, Evenity®, Nayzilam® and other products (Zyrtec®, Xyzal® and others). Pipeline products are products that are not sold yet in the market as per year-end (eg. *bimekizumab, rozanolixizumab*). A different discount rate is used for pipeline products as the risks related to these products are higher than for the products that are already in the market. The discount rates are reviewed at least annually.

Since after-tax cash flows are incorporated into the calculation of the value-in-use of the CGU, a post-tax discount rate is used in order to remain consistent.

The use of the post-tax discount rate approximates the result of using a pre-tax rate applied to pre-tax cash flows. A tax rate up to 20% was used (2019: 20%).

Sensitivity analysis

Based on the above, management assessed that no reasonable change in any of the key assumptions for the determination of the recoverable amount would cause the carrying value of the CGU to materially exceed its recoverable amount. For information purposes, the sensitivity analysis using a 0% perpetual growth rate combined with an overall discount rate below 15% would not result in an impairment of the goodwill.

22. Property, plant and equipment

2020 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**608**	**854**	**166**	**152**	**1 780**
Additions	122	18	34	194	368
Business combinations	21	6	1	0	28
Disposals	-13	-1	-30	-1	-45
Transfer from one heading to another	14	41	3	-98	-40
Effect of movements in exchange rates	-15	-7	-5	-3	-30
Gross carrying amount at December 31	**737**	**911**	**169**	**244**	**2 061**
Accumulated depreciation at January 1	**-320**	**-499**	**-121**	**0**	**-940**
Depreciation charge for the year	-44	-66	-29	0	-139
Disposals	13	1	29	0	43
Business combinations	-2	-4	0	0	-6
Effect of movements in exchange rates	7	6	3	0	16
Accumulated depreciation at December 31	**-346**	**-562**	**-118**	**0**	**-1 026**
Net carrying amount at December 31	**391**	**349**	**51**	**244**	**1 035**

2019 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**582**	**885**	**170**	**109**	**1 746**
Additions	28	20	22	96	166
Disposals	-28	-88	-34	-2	-152
Transfer from one heading to another	11	18	6	-52	-17
Effect of movements in exchange rates	15	19	2	1	37
Gross carrying amount at December 31	**608**	**854**	**166**	**152**	**1 780**
Accumulated depreciation at January 1	**-294**	**-518**	**-127**	**-2**	**-941**
Depreciation charge for the year	-43	-56	-24	0	-123
Disposals	24	86	32	2	144
Effect of movements in exchange rates	-7	-11	-2	0	-20
Accumulated depreciation at December 31	**-320**	**-499**	**-121**	**0**	**-940**
Net carrying amount at December 31	**288**	**355**	**45**	**152**	**840**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2020, the Group acquired property, plant and equipment totaling € 368 million (2019: € 166 million). These additions include right-of-use assets for € 45 million (2019: € 40 million), € 122 million land and buildings mainly related to the acquisition of the new campus site in the UK. € 67 million relate to Bioplant Braine site reported in assets under construction. Tangible assets with net book value of € 22 million were recognized from Ra Pharmaceuticals Inc. acquisition (see Note 8). Other additions relate to the revamping of the office environment, building facilities and IT hardware.

During the year, the Group did not recognize any impairment expenses (2019: impairment of € 0 million).

The depreciation charge for the year amounts to € 139 million (2019: € 123 million) and includes the depreciation on the right-of-use assets (€ 43 million).

Capitalized borrowing costs

No borrowing costs were capitalized during 2020 (2019: € 0 million).

23. Financial and other assets

23.1 Non-current financial and other assets

€ million	2020	2019
Financial assets at FVOCI (excl. derivatives) (refer to Note 23.3)	85	81
Investments in Associates	0	2
Cash deposits	12	12
Derivative financial instruments (Note 39)	15	26
Reimbursement rights with respect to German defined benefit plans	23	23
Other financial assets	25	30
Non-current financial and other assets	**160**	**175**

23.2 Current financial and other assets

€ million	2020	2019
Clinical trial materials	156	114
Financial assets FVOCI (excl. derivatives) (refer to Note 23.3)	30	25
Derivative financial instruments (Note 39)	124	24
Current financial and other assets	**310**	**163**

23.3 Financial assets at fair value through other comprehensive income (FVOCI) (excl. derivatives)

The current and non-current financial assets at FVOCI (excl. derivatives) comprise the following:

€ million	2020	2019
Equity Securities	115	106
Financial assets FVOCI (excl. derivatives)	**115**	**106**

The movement in the carrying values of the financial assets at FVOCI (excl. derivatives) is as follows:

	2020		2019	
€ million	Equity securities	Debt securities	Equity securities	Debt securities
At January 1	**106**	**0**	**69**	**0**
Additions	18	0	30	0
Disposals	-27	0	-7	0
Fair value gains/losses (-) going through OCI	14	0	14	0
Reclassification from associates (incl. fair value gain)	4	0	0	0
At December 31	**115**	**0**	**106**	**0**

For more information on the derivatives of which fair value movements are accounted for through OCI, we refer to Note 39.

For the financial assets that are valued at amortized cost, the carrying amount approximates the fair value.

The Group does not have any investments in debt instruments.

The equity securities mainly include investments in Heidelberg Pharma AG, Syndesi Therapeutics SA, ExeVir Bio BV and investments in UCB Ventures that have been classified as financial assets at FVOCI. These investments are measured at fair value. All fair value gains and losses are presented in OCI.

As at the end of 2020, UCB's stakes in Heidelberg Pharma AG, Syndesi Therapeutics SA and ExeVir Bio BV were 3.65%, 16.45% and 16.52% (on a fully diluted basis) (2019: 4.02%, 18.1%, and 0%) respectively. As UCB does not have significant influence in these companies, the equity investments are classified as financial assets at FVOCI.

The additions to financial assets at FVOCI in the year include € 8 million investments made in UCB Ventures, UCB's corporate venture fund, as well as a € 4 million investment in ExeVir Bio BV. The participation in Syndesi Therapeutics SA was reclassed from investment in associate to financial asset at FVOCI as UCB's equity holding was reduced and it was assessed that UCB has lost its significant influence.

The fair value gains going through OCI mainly relate to the increase in value of UCB's holding in Heidelberg Pharma AG (€ 5 million) and of UCB's venture fund investments (€ 8 million).

The current financial assets at FVOCI (€ 30 million) relate to vested long-term incentives granted to employees. These are held in custody for the account of the relevant participants on a separate securities account of UCB. There is a corresponding liability which is recorded in Other Payables (Note 35). As these shares are held for the account of the relevant participants and not for UCB's account, these are not treated as treasury shares in accordance with IAS 32.33.

23.4 Investment in associates

In December 2017, the Group made an investment in Syndesi Therapeutics SA, a Belgian company. This investment was considered as an investment in an associate as UCB had significant influence via its equity holding and Board seat. In May 2020, the Group's share was reduced to 16.25% and it was assessed that the Group lost its significant influence. Therefore, the investment was reclassed as a financial asset at FVOCI. The difference between the carrying amount of the investment at the date the equity method was discontinued (€ 2 million) and the fair value of the retained interest (€ 4 million) was accounted for in P&L as part of the Share of profit of associates.

23.5 Joint operations

No joint operations were entered into by the Group in 2020.

23.6 Subsidiaries with material non-controlling interest

The accumulated non-controlling interest as of December 31, 2020 is € 1 million and relates to Edev S.à r.l. ("Edev"). No dividends have been paid to non-controlling interests during either 2020 or 2019.

Based in Luxembourg, Edev is 100% owned by the non-controlling interests. Summarized financial information for non-controlling interest is shown in the tables below before intercompany eliminations.

Summarized statement of financial position

€ million	2020	2019
Non-current assets	0	0
Current assets	1	5
Total assets	**1**	**5**
Non-current liabilities	0	6
Current liabilities	0	29
Total liabilities	**0**	**35**
Non-controlling interest	**1**	**-30**

Summarized income statement

€ million	**2020**	2019
Revenue	30	30
Expenses	-1	-5
Profit (loss) attributable to the non-controlling interests	**29**	**25**
Non-controlling interest	**29**	**25**

Summarized cash flow statement

€ million	**2020**	2019
Net cash inflow (outflow) from operating activities	0	-1
Net cash inflow (outflow) from investing activities	0	0
Net cash inflow (outflow) from financing activities	0	6
Net cash inflow (outflow)	**0**	**5**

24. Inventories

€ million	**2020**	2019
Raw materials and consumables	98	98
Work in progress	577	538
Finished goods	181	145
Goods purchased for resale	-1	0
Inventories	**854**	**780**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 701 million (2019: € 672 million). There are no inventories pledged for security, nor is there any inventory stated at net realizable value. The write-down on inventories amounted to € 16 million in 2020 (2019: € 9 million) and has been included in cost of sales. Total inventory increased by € 74 million and related to increase of Core products.

25. Trade and other receivables

€ million	2020	2019
Trade receivables	758	700
Less: provision for impairment	-16	-14
Trade receivables – net	**742**	**686**
VAT receivable	38	40
Interest receivables	9	12
Prepaid expenses	140	129
Accrued income	0	0
Other receivables	84	62
Royalty receivables	18	21
Trade and other receivables	**1 031**	**950**

The carrying amount of trade and other receivables approximates their fair values. With respect to trade receivables, the fair value is estimated to be the carrying amount less the provision for impairment and for all other receivables the carrying value approximates fair value given the short-term maturity of these amounts.

There is some concentration of credit risk with respect to trade receivables. For some credit exposures in critical countries, such as the Southern European countries, the Group obtained credit insurance. The Group co-operates with dedicated wholesalers in certain countries. The largest outstanding trade receivable in 2020 from a single customer is 14% (2019: 15%) from McKesson Corp. U.S..

The aging analysis of the Group trade receivables at year-end is as follows:

	2020		2019	
€ million	Gross carrying amounts	Impairment	Gross carrying amounts	Impairment
Not past due	682	0	678	0
Past due – less than one month	51	0	7	0
Past due more than one month and not more than three months	9	-3	3	0
Past due more than three months and not more than six months	4	0	4	0
Past due more than six months and not more than one year	3	-8	1	-5
Past due more than one year	9	-5	7	-9
Total	**758**	**-16**	**700**	**-14**

Based on historical default rates, the Group believes that no provision for impairment is necessary in respect of trade receivables not past due. This concerns 91% (2019: 96%) of the outstanding balance at the statement of financial position date.

The movement in the provision for impairment in respect of trade receivables is shown below:

€ million	2020	2019
Balance at January 1	**-14**	**-9**
Impairment charge recognized in the income statement	-7	-4
Utilization / reversal of provision for impairment	3	0
Effects of movements in exchange rates	2	-1
Balance at December 31	**-16**	**-14**

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group trade and other receivables are denominated in the following currencies:

€ million	2020	2019
EUR	327	296
USD	382	359
JPY	120	66
GBP	45	57
CNY	37	39
CHF	15	14
KRW	8	9
Other currencies	97	110
Trade and other receivables	**1 031**	**950**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The Group does not hold any collateral as security.

26. Cash and cash equivalents

€ million	2020	2019
Short-term bank deposits	674	964
Cash at bank and on hand	662	329
Cash and cash equivalents (excluding bank overdrafts)	**1 336**	**1 293**

Cash and short-term deposits of € 20 million are held in countries with restrictive regulations on exporting capital from the country other than via normal dividends, such as Brazil, China, India, Korea and Thailand.

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

€ million	**2020**	2019
Cash and cash equivalents	1 336	1 293
Bank overdrafts (Note 29)	-33	-5
Cash and cash equivalents (excluding bank overdrafts)	**1 303**	**1 288**

27. Capital and reserves

27.1 Share capital and share premium

The issued share capital of the Company amounted to € 584 million (2019: € 584 million), and is represented by 194 505 658 shares (2019: 194 505 658 shares). The Company's shares are without par value. At December 31, 2019, 68 872 180 shares were registered and 125 633 478 were dematerialized shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the shareholders' meeting of the Company. There is no authorized, unissued capital.

At December 31, 2020, the share premium reserves amounted to € 2 030 million (2019: € 2 030 million).

27.2 Treasury shares

The Group acquired, through UCB SA 1 200 000 treasury shares (2019: 1 085 000 through UCB SA and UCB Fipar SA) for a total amount of € 106 million (2019: € 77 million) and transferred 1 570 764 treasury shares (2019: 759 546) for a total amount of € 85 million (2019: € 36 million). Net transfer of 370 764 treasury shares for a net amount of € 21 million.

During 2020, the Group did not acquire or dispose of any treasury shares as part of share swap transactions.

(2019: 0 acquired and 0 disposed). At 31 December 2020, the Group retained 5 480 222 treasury shares of which none related to share swap deals (2019: 5 922 638). These treasury shares have been acquired in order to honor the exercise of stock options and share awards granted to the Executive Committee members and certain categories of employees.

In the current year, no call options on UCB shares have been acquired (2019: 0) nor have any call options been exercised (2019: 0). At December 31, 2020, the Group did not hold any options on UCB shares (December 31, 2019: 0).

27.3 Other reserves

Other reserves amount to € -144 million (2019: € -117 million) with the movement related to the re-measurement of the defined benefit obligation for € -24 million bringing total remeasurement value at € -339 million (2019: € -315 million) and transfer of fair value loss related to financial asset at FVOCI to other reserves (€ -2 million).

27.4 Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences relating to the consolidation of Group companies that use functional currencies other than the euro as well as any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges.

28. Share-based payments

The Group operates several equity-based and cash-based compensation plans, including a stock option plan, a stock appreciation rights plan, a stock award plan and a performance share plan to compensate employees for services rendered.

The stock option plan, the stock award plan and the performance share plan are equity-settled, whereas the stock appreciation rights plan is a cash-settled plan. Besides these plans, the Group also operates employee stock purchase plans in the U.K. and the U.S. and phantom share plans. The expenses incurred for these plans are immaterial.

28.1 Stock option plan and stock appreciation rights plan

The Governance, Nomination and Compensation Committee (GNCC) granted options on UCB SA shares to the Executive Committee members, the senior executives and the senior directors of the UCB Group. The exercise price of the granted options under these plans is equal to the lowest of the following two values:

- the average of the closing price of the UCB shares on Euronext Brussels, during the 30 days preceding the offer; or
- the closing price of the UCB shares on Euronext Brussels the day before the grant.

A different exercise price is determined for those eligible employees subject to legislation which requires a different exercise price in order to benefit from reduced taxation. The options become exercisable after a vesting period of three years, except for those eligible employees subject to legislation which requires a longer vesting period in order to benefit from reduced taxation. If an employee leaves the Group, his/her options usually lapse upon expiry of a period of six months. Options do not lapse in case of death or retirement and in case of involuntary termination when taxes have been paid upon grant. The Group has no obligation to repurchase or settle the options in cash.

The options are not transferable (except in case of death).

The Stock Appreciation Rights (S.A.R.'s) plan has similar characteristics to the stock option plan, except that it is reserved for UCB employees in the U.S. This plan is cash-settled.

28.2 Stock award plan

The GNCC granted free UCB SA shares to the Executive Committee members, the senior executives and the senior and middle management of the UCB Group. The free shares have service conditions attached to them whereby beneficiaries are required to remain in service for three years post grant date. Stock awards lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.3 Performance share plan

The GNCC granted performance shares to senior executives for specific achievements aligned with company strategic priorities. The performance shares are conditional on the beneficiary completing three years of service (the vesting period) and the number of shares award is adjusted at the end of the vesting period based on the company's performance against its goals.

Performance Shares lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.4 Phantom stock option, stock award and performance share plans

The Group also has phantom stock option, phantom stock award and phantom performance share plans (collectively referred to as phantom plans). These phantom plans apply to certain employees who have an employment contract with certain affiliates of the Group and are governed under similar rules to the Group stock option, stock award and performance share plans except for their settlement. As of December 31, 2020, these plans had 665 participants (2019: 220) and the share-based payment expense incurred for these plans is immaterial.

28.5 North America employee stock purchase plan.

The plan is intended to provide employees of UCB affiliates in North America with an opportunity to purchase common stock of the Group. Shares are acquired at a discount of 15% which is funded by UCB. Employees save a defined percentage of their salary through payroll deduction and shares will be purchased with after-tax employee contributions. The shares are held by an independent third party banking institution in an account in the employee's name.

The limit placed on employees' participation in the plan is as follows:

- between 1% and 10% of each participant's compensation;
- USD 25 000 per year per participant;
- maximum of USD 10 million total ownership by North America employees in all forms of share plans over a rolling period of 12 months.

As of December 31, 2020, the plan had 819 participants (2019: 632). There are no specific vesting conditions and the share-based payment expense incurred for this plan is immaterial.

28.6 Stock savings plan in the U.K.

The purpose of this plan is to encourage the holding of UCB shares by employees in the U.K. Participants save a certain portion of their salary through payroll deductions and UCB matches every 5 shares bought by each participant with 1 free share. Shares are held in an account in the employee's name by an independent company that acts as a trustee. Employee contributions to the plan are limited to the lower of:

- 10% of each participant's compensation;
- GBP 1 800 per year per participant.

As of December 31, 2020, the plan had 360 participants (2019: 254) and the share-based payment expense incurred for this plan is immaterial.

28.7 Share-based payment expense

The total share-based payment expense incurred for the Group amounted to € 81 million (2019: € 69 million), and has been included in the relevant functional lines within the income statement as follows:

€ million	2020	2019
Cost of sales	5	3
Marketing and selling expenses	41	38
Research and development expenses	15	14
General and administrative expenses	20	14
Other operating expenses	0	0
Total operating expense	**81**	**69**
Of which, equity-settled:		
Stock option plans	8	7
Stock award plans	62	51
Performance share plan	8	8
Of which, cash-settled:		
Stock appreciation rights plan	1	4
Phantom stock option, stock award and performance share plans	4	2

28.8 Stock option plans

The movements in the number of stock options outstanding and their related weighted average exercise prices as at December 31 are:

	2020			2019		
€ million	**Weighted average fair value (€)**	**Weighted average exercise price (€)**	**Number of stock options**	Weighted average fair value (€)	Weighted average exercise price (€)	Number of stock options
Outstanding at January 1	**10.73**	**57.07**	**4 241 720**	**10.53**	**52.95**	**4 197 434**
'+ New options granted	17.44	76.26	430 410	10.73	76.10	518 216
(-) Options forfeited	13.18	69.75	71 030	11.69	69.43	52 795
(-) Options exercised	9.83	46.12	1 247 746	8.75	38.14	405 935
(-) Options expired	7.90	31.62	12 300	5.38	21.38	15 200
Outstanding at December 31	**12.44**	**63.50**	**3 341 054**	**10.73**	**57.07**	**4 241 720**
Number of options fully vested:						
At January 1			2 414 922			2 362 106
At December 31			1 320 368			2 414 922

The stock options outstanding as at December 31, 2020 with the following last exercise dates and exercise prices are:

Last exercise date	**Range of exercise prices (€)**	Number of stock options
March 31, 2021	[25.32–26.80]	118 600
March 31, 2022	32.36	274 800
March 31, 2023	[48.69–49.80]	517 519
March 31, 2024	58.12	644 656
March 31, 2025	67.35	330 817
March 31, 2026	67.24	406 860
March 31, 2027	[70.26–72.71]	436 224
March 31, 2028	66.18	467 561
March 31, 2029	[76.09–76.56]	536 792
March 31, 2030	[76.21 - 79]	425 814
Total outstanding		**3 341 054**

The fair value has been determined based on the Black-Scholes valuation model.

The volatility was determined primarily by reference to historically observed share prices of UCB over the last five years. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of the fair value of the stock options granted in 2020 and 2019 are:

		2020	2019
Share price at grant date	€	81.36	77.78
Weighted average exercise price	€	76.26	76.10
Expected volatility	%	27.41	25.49
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.52	1.56
Risk free interest rate	%	-0.27	-0.17
Expected annual forfeiture rate	%	7.00	7.00

28.9 Stock appreciation rights (S.A.R.'S) plan

The movements of the S.A.R.'s and the model inputs as at December 31, 2020 can be found in the table below.

The fair value of the S.A.R.'s at grant date is determined using the Black-Scholes model. The fair value of the liability is remeasured at each reporting date.

		2020	2019
Outstanding rights as of January 1		**988 959**	**976 960**
+ New rights granted		202 586	161 493
(-) Rights forfeited		97 977	51 176
(-) Rights exercised		333 388	98 318
(-) Rights expired		3 500	0
Outstanding rights as of December 31		**756 680**	**988 959**
The significant assumptions used in the measurement of the fair value of the stock appreciation rights are:			
Share price at year end	€	84.48	70.90
Exercise price	€	79.00	76.56
Expected volatility	%	28.67	25.64
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.47	1.71
Risk free interest rate	%	-0.68	-0.32
Expected annual forfeiture rate	%	7.00	7.00

28.10 Stock award plans

The share-based payment expense related to these stock awards is spread over the vesting period of three years.

The beneficiaries are not entitled to dividends during the vesting period. The movement in the number of stock awards outstanding at December 31 is as follows:

	2020		2019	
€ million	**Number of stock awards**	**Weighted average fair value (€)**	Number of stock awards	Weighted average fair value (€)
Outstanding at January 1	**2 153 706**	**72.18**	**2 081 529**	**68.60**
+ New stock awards granted	1 147 623	81.93	860 515	77.51
(-) Awards forfeited	189 063	73.73	203 476	70.67
(-) Awards vested and paid out	631 741	72.48	584 862	67.77
Outstanding at December 31	**2 480 525**	**76.49**	**2 153 706**	**72.18**

28.11 Performance share plans

The movement in the number of performance shares outstanding at December 31 is as follows:

	2020		2019	
€ million	**Number of shares**	**Weighted average fair value (€)**	Number of shares	Weighted average fair value (€)
Outstanding at January 1	**398 419**	**72.63**	**366 875**	**68.84**
+ New performance shares granted	205 540	80.92	166 556	77.75
(-) Performance shares forfeited	96 365	72.89	56 018	69.56
(-) Performance shares vested	111 721	72.54	78 994	67.95
Outstanding at December 31	**395 873**	**76.91**	**398 419**	**72.63**

29. Borrowings

The carrying amounts and fair values of borrowings are as follows:

€ million	2019	Cash flows		Non-cash changes			**2020**
		From Financing activities	Increase/ Decrease in cash	Transfer Non-Current to Curren	Foreign Exchange Movement	Other	
Non-current							
Bank borrowings	18	1 733	0	0	-197	0	1 554
Other long-term loans	0	0	0	0	0	0	0
Leases	61	-31	0	0	-4	49	75
Total non-current borrowings	**79**	**1 702**	**0**	**0**	**-201**	**49**	**1 629**
Current							
Bank overdrafts	5	0	30	0	-2	0	33
Current portion of bank borrowings	13	-4	0	0	-1	5	13
Debentures and other short-term loans	0	0	0	0	0	0	0
Leases	38	-10	0	0	-2	9	35
Total current borrowings	**56**	**-14**	**30**	**0**	**-5**	**14**	**81**
Total borrowings	**135**	**1 688**	**30**	**0**	**-206**	**63**	**1 710**

On December 31, 2020 the Groups weighted average interest rate was 1.84% (2019: 3.49%) prior to hedging. The floating interest rate payments are subject to designated cash flow hedges and fixed interest rate payments are subject to designated fair value hedges, thereby fixing the weighted average interest rate for the Group at 1.54% (2019: 2.33%) post hedging. The fees paid for the arrangement of the bonds (Note 30), and the amended facilities agreement are amortized over the life of the instruments.

Where applicable under hedge accounting, the fair value of the non-current borrowings is determined based on the present value of the payments associated with the debt instruments, using the applicable yield curve and UCB credit spread for the various different currencies.

Since the bank borrowings are at a floating interest rate that is reset every six months, the carrying amount of the bank borrowings equates to its fair value.

With respect to the current borrowings, the carrying amounts approximate their fair values as the effect of discounting is considered to be insignificant.

On January 9, 2018 the Group amended and extended its € 1 billion revolving credit facility then maturing on 9 January, 2021 into a € 1 billion revolving credit facility with maturity in 2023 (including the option to request further extensions of the maturity date by two additional years). In December 2019, the Group extended the maturity of its credit facility to January 9, 2025 (no further extension option is available). Per 31 December, 2020 there were no outstanding amounts under the revolving credit facility (2019: € 0 million).

On October 10, 2019, the Group entered into a USD 2.1 billion bullet term loan facility agreement, maturing in 2025, to finance the Ra Pharma acquisition.

Per December 31, 2020 there was USD 1.9 billion outstanding under this term loan facility (2019: € 0 million).

The Group has access to certain committed and non- committed bilateral credit facilities. In this respect, per end of 2020 an aggregated amount of € 47 million was undrawn on the committed bilateral facility (2019: € 55 million).

Please refer to Note 5.3 for the maturity analysis of the Group borrowings (excluding other financial liabilities)

The carrying amounts of the Group borrowings are denominated in the following currencies:

€ million	**2020**	2019
USD	1 634	57
EUR	39	36
GBP	13	19
CNY	7	5
JPY	3	4
Other	14	14
Total borrowings	**1 710**	**135**

30. Bonds

The carrying amounts and fair values of bonds are as follows:

			Carrying amount					Fair value	
€ million	Coupon rate	Maturity date	2019	Cash Flows	Fair Value changes	Other movements	**2020**	2019	**2020**
Retail Bond	5.125%	2023	189	0	-2	0	186	204	197
Institutional Eurobond	1.875%	2022	352	0	-2	1	351	361	357
Institutional Eurobond	4.125%	2021	355	0	-6	1	350	363	350
Retail Bond	3.750%	2020	250	0	0	-250	0	252	0
EMTN Note[1]	1.000%	2027	0	0	0	150	150	0	151
Total bonds			**1 146**	**0**	**-10**	**99**	**1 037**	**1 180**	**1 055**
Of which:									
Non-current			896	0	-10	-199	687	928	705
Current			250	0	0	101	350	252	350
Derivatives used for hedging			**-23**	**0**	**10**	**0**	**-14**		
Of which:									
Non-current assets (-)			-23	0	10	0	-14		
Current assets (-)			-1	0	1	0	0		
Non-current liabilities (+)			0	0	0	0	0		
Current liabilities (+)			1	0	-1	0	0		

[1] EMTN: Euro Medium Term Note. The fair value of the EMTN Notes cannot be accurately determined given the limited liquidity in secondary market trading for these notes, and is for reporting purposes replaced by the carrying value.

30.1 Retail bonds

Matured in 2020:

In March 2020, UCB repaid the € 250 million retail bonds in full.

Maturing in 2023:

During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million.

The 175 717 new bonds were issued in October 2013 and have been listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The outstanding 574 283 of the retail bonds matured and have been redeemed in November 2014.

30.2 Institutional Eurobonds

Maturing in 2021:

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, due January 2021, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 4.125% per annum while their effective interest rate is 4.317% per annum. The bonds have been listed on Euronext Brussels.

Maturing in 2022:

In April 2015, UCB completed an offering of € 350 million senior unsecured bonds, due April 2022, issued under its EMTN program. The Bonds were issued at 99.877% in April 2015 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 1.875% per annum while their effective interest rate is 2.073% per annum. The bonds have been listed on Euronext Brussels.

30.3 EMTN notes

Maturing in 2027:

In October 2020, UCB completed an offering of € 150 million notes, due in 2027. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 1.00% per annum while their effective interest rate is 1.0298% per annum. The notes have been listed on Euronext Brussels.

30.4 Fair value hedges

The Group designates derivative financial instruments under fair value hedges to the Retail Bonds and Institutional Eurobonds. The change in the carrying amount of the bonds is fully attributable to the change in the fair value of the hedged portion of the bonds, and is almost fully offset by a change in fair value of the corresponding derivative financial instrument.

31. Other financial liabilities

	Carrying amount		Fair value	
€ million	**2020**	2019	**2020**	2019
Non-current				
Derivative financial instruments (Note 38)	3	1	3	1
Other financial liabilities	0	0	0	0
Total non-current other financial liabilities	**3**	**1**	**3**	**1**
Current				
Derivative financial instruments (Note 38)	86	41	86	41
Other financial liabilities	0	29	0	29
Total current other financial liabilities	**86**	**70**	**86**	**70**
Total other financial liabilities	**89**	**71**	**89**	**71**

The other financial liabilities include a liability of € 0 million (2019: € 29 million) resulting from the issuance of warrants to the shareholders of Edev Sàrl (note 5.5.3).

32. Deferred tax assets and liabilities

32.1 Recognized deferred tax assets and liabilities

€ million	2019	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI - Cash flow hedges	OCI - Pensions	Effect of movements in exchange rate	**2020**
Intangible assets	-33	-563	25	0	27	0	0	0	-508
Property, plant and equipment	-18	0		0	-1	0	0	0	-19
Inventories	274	0		0	82	0	0	-3	353
Trade and other receivables	58	0		0	-6	0	0	0	52
Employee benefits	44	0		0	5	0	2	-5	46
Provisions	6	0		0	3	0	0	0	9
Other short-term liabilities	-203	0		0	57	-23	0	-6	-175
Net lease assets/liabilities	0	0		0	1	0	0	0	1
Unused tax losses	239	132	-7	0	-113	0	0	-10	241
Unused tax credits	455	0		-38	23	0	0	-3	437
Total net deferred tax assets/liabilities (-)	**822**	**-431**	**18**	**-38**	**78**	**-23**	**2**	**9**	**437**

€ million	2018	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI - Cash flow hedges	OCI - Pensions	Effect of movements in exchange rate	**2019**
Intangible assets	-52	0	0	0	19	0	0	0	-33
Property, plant and equipment	-21	0	0	0	3	0	0	0	-18
Inventories	200	0	0	0	74	0	0	0	274
Trade and other receivables	36	0	0	0	22	0	0	0	58
Employee benefits	48	0	0	0	-5	0	1	0	44
Provisions	3	0	0	0	3	0	0	0	6
Other short-term liabilities	-222	0	0	0	38	-19	0	0	-203
Net lease assets/liabilities	0	0	0	0	0	0	0	0	0
Unused tax losses	291	0	0	0	-58	0	0	6	239
Unused tax credits	438	0	0	26	-9	0	0	0	455
Total net deferred tax assets/liabilities (-)	**721**	**0**	**0**	**26**	**78**	**-19**	**1**	**6**	**822**

Total net deferred tax assets of € 437 million have been recognized as at December 31, 2020. Based upon the level of past taxable income and projected future taxable profits over the periods in which the deductible temporary differences are estimated to reverse, the Group believes it is probable that the benefits of the recognized deferred tax assets will be realized.

The Group saw a decrease of the deferred tax assets and an increase to the deferred tax liability balance. This is driven by the following items:

- Purchase Price Accounting: recognition of deferred tax liabilities on assets acquired per purchase accounting analysis.
- Deferred Tax Assets on Losses: substantial utilisation of tax losses carried forward against taxable profit in key entities which is partially compensated by the recognition of new deferred tax assets on losses following the acquisition of Ra Pharmaceuticals inc and Engage Therapeutics Inc. In line with prior years, the loss utilisation is also partly compensated by a decrease of the deferred tax liability on recapture losses.
- R&D tax credit: R&D Tax Credit refund received versus further build-up of R&D tax credit deferred tax assets following R&D investments.

Other items are a result of the movements on UCB's statement of financial position items and reassessment following tax law changes.

Tax Reforms

Impact of tax law and tax rate changes, mainly in Switzerland, were assessed by management and remeasurement of the deferred tax balances took place as appropriate.

R&D Tax Credits

The group recorded increased deferred tax assets on tax credits. The total deferred tax asset in respect of R&D tax credits at year end is € 405 million (2019: € 439 million) which will result in an actual cash tax benefit in future periods. Other tax credits for € 32 million were also recorded.

Deferred tax assets on losses

UCB has seen both a substantial utilization of tax losses carried forward, partially compensated by a decrease of deferred tax liabilities and an increase of the tax losses carried forward following the acquisition of Ra Pharmaceuticals Inc and Engage Therapeutics Inc. A deferred tax asset of € 241 million (2019: € 239 million) was recognized in respect of tax losses carried forward totaling € 1.06 billion (2019: € 1.09 billion) as the Group has concluded that the relevant entities will generate taxable profits in the foreseeable future against which these losses can be used and forecasts are deemed reliable taking into account the profile of the concerning entities and potential restrictions that could be available. These losses have arisen in jurisdictions in which UCB operates and do not expire. This period has seen no further recognition of losses and tax credits previously unrecognized. Undiscounted forecasts have been used to assess the availability of future taxable profits.

32.2 Unused tax losses

As of 31 December, 2020, the Group also had € 2 844 million (2019: € 2 792 million) of gross unused tax losses and innovation income deduction for which no deferred tax asset is recognized in the statement of financial position. These tax attributes do not expire.

Based on current forecasts and current legislation, the majority of these tax attributes is expected to be fully utilized within the next 10 years, but it has been decided to not recognize a deferred tax asset on these losses for now given the uncertainty of such long-term forecasts.

32.3 Temporary differences for which no deferred tax asset or deferred tax liability is recognized

Deferred tax assets are recognized on temporary differences carried forward that represent income likely to be realized in the foreseeable future. Deferred tax assets amounting to gross € 312 million/net €78 million (2019: gross € 360 million/net 90 million) in respect of dividend received deduction and intangible assets have not been recognized in view of the uncertain character of the recovery.

No deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries as 100% participation exemption is available for any future equity upstream.

There is an additional unrecognized deferred tax liability of € 115 million (2019: € 176 million) in respect of an internal reorganization which occurred in 2014. The tax liability will only materialize on disposal of the relevant asset, an event which is controlled by UCB and for which there are no concrete plans in the foreseeable future.

32.4 Deferred tax directly recognized in OCI

€ million	**2020**	2019
Deferred tax on pensions	2	1
Deferred tax on effective portion of changes in fair value of cash flow hedges	-23	-19
Deferred tax directly recognized in OCI	**-21**	**-18**

33. Employee benefits

Most employees are covered by retirement benefit plans sponsored by Group companies. The nature of such plans varies according to legal regulations, fiscal requirements and economic conditions of the countries in which the employees are employed. The Group operates both defined contribution plans and defined benefit plans.

33.1 Defined contribution plans

Post-employment benefit plans are classified as "defined contribution" plans if the Group pays fixed contributions into a separate fund or to a third party financial institution and has no further legal or constructive obligation to pay further contributions. Therefore no assets or liabilities are recognized in the Group statement of financial position in respect of such plans, apart from regular prepayments and accruals of contributions. For the Belgian defined contribution plans, UCB is required by law to guarantee a minimum return on employee and employer contributions. As a consequence, these plans are considered defined benefit plans. Where reliable estimates can be made for material plans, they are valued using the projected unit credit method under IAS 19. These plans are aggregated with the results for other defined benefit plans.

33.2 Defined benefit plans

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits and jubilee premiums. The benefits are granted according to local market practice and regulations.

These plans are either unfunded or funded via outside pension funds or insurance companies. For (partially) funded plans, the assets of the plans are held separately in funds under the control of the trustees. Where a plan is unfunded, notably for the major defined benefit plans in Germany, a liability for the obligation is recorded in the Group statement of financial position. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the benefit obligations.

Accordingly, a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated statement of financial position. Independent actuaries assess all main plans annually.

The Group analyses the Value at Risk on its statement of financial position and profit and loss accounts linked to its defined benefits plans. Target risk level in terms of a one-year consolidated statement of financial position and profit and loss Value at Risk measures are defined annually based on UCB risk tolerance thresholds.

For UCB, the main risks linked to its defined benefit obligations are discount rate, inflation and longevity. The majority of the risks lays within Belgium, Switzerland, Germany and the U.K. It should be noted that longevity is not considered as a risk for the plans in Belgium as benefits are either paid as a lump sum or externalised before being paid as an annuity.

Over the last years, UCB has performed various de-risking projects.

- In the U.K., UCB completed the buy-out of three of its four pension schemes by securing the benefits of all members of the schemes with an insurance company. UCB does, therefore, no longer have any liabilities towards any members of those three schemes. For the remaining Scheme, the Celltech Pension and Insurance Scheme, the focus, since 2012, is on de-risking progressively from a 50% growth/50% bonds allocation to a 10% growth/90% bonds allocation. Today the growth/bonds allocation is around 30%/70%.
- In Belgium, UCB implemented a de-risking strategy by closing all Belgian defined benefit and cash balance plans to new entrants as from December 31, 2019 and by implementing a new cash balance plan with an effective date of January 1, 2020 with the legally required guaranteed return. The focus remains on the diversification of the assets and investment managers while keeping a close control on risk.

The amount recognized in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

€ million	**2020**	2019
Present value of defined benefit obligation	1 196	1 076
Fair value of plan assets	-816	-715
Funded status – Deficit	**380**	**361**
Effect of asset ceiling	1	1
Net liability arising from defined benefit obligation	**381**	**362**
Add: Liability with respect to cash settled share based payments (Note 27)	21	20
Total employee benefit liabilities	**402**	**382**
Of which:		
Portion recognized in non-current liabilities	402	382
Portion recognized in non-current assets	0	0

88% of the net liability arising from defined benefit obligations is related to defined benefit pension obligations in Belgium, Germany and the U.K.

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	**2020**	2019
At January 1	**1 076**	**996**
Current service cost	58	58
Interest expense	14	20
Remeasurement gain(-)/loss		
Effect of changes in demographic assumptions	1	-14
Effect of changes in financial assumptions	76	30
Effect of experience adjustments	14	3
Past service cost and gain(-)/loss on settlements	1	-2
Effect of change in foreign exchange rates	-16	20
Benefit payments from the plan	-19	-26
Benefit payments from the employer	-5	-5
Settlement payments	0	0
Plan participants contributions	3	3
Other	-7	-7
At December 31	**1 196**	**1 076**

Movements in the fair value of plan assets in the current year were as follows:

€ million	**2020**	2019
At January 1	**715**	**600**
Interest income	10	14
Remeasurement gain(-)/loss		
Return on plan assets (excl. interest income)	64	51
Changes in asset ceiling (excl. interest income)	0	0
Effect of change in foreign exchange rates	-15	16
Plan participants contributions	3	3
Employer contributions	70	71
Benefit payments from the plan	-23	-31
Settlement payments	0	0
Expenses, taxes and premiums paid	-8	-9
At December 31	**816**	**715**

The fair value of plan assets amounts to € 816 million (2019: € 715 million), representing 68% (2019: 66%) of the defined benefit obligation.

The total deficit of € 380 million (2019: € 361 million) is expected to be eliminated over the estimated remaining average service period of the current membership.

The amounts recognized in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

€ million	2020	2019
Total service cost (incl. past service cost and gain (-)/loss from settlements)	59	56
Net interest cost	4	7
Remeasurement of other long term benefits	1	-4
Administrative expenses and taxes	1	1
Components of defined benefit costs recorded in income statement	**65**	**60**
Remeasurements gain (-)/loss		
Effect of changes in demographic assumptions	1	-13
Effect of changes in financial assumptions	76	33
Effect of experience adjustments	13	3
Return on plan assets (excluding interest income)	-63	-51
Changes in the asset ceiling (excluding interest income)	-1	0
Components of defined benefit costs recorded in OCI	**26**	**-28**
Total components of defined benefit cost	**91**	**32**

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefit expenses in the consolidated income statement. 81% of the defined benefit costs recorded in the income statement are relating to defined benefit pension plans in Belgium and U.K. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income. Total remeasurements amount to a cost of € 26 million in 2020 compared to a gain of € 28 million in 2019. The cost in 2020 is mainly resulting from a further decrease in discount rates partially offset by higher return on plan assets. The gain in 2019 is mainly resulting from a higher return on plan assets and change in salary increase assumptions offset by a decrease in discount rates.

The split of the recognized expense by functional line is as follows:

€ million	2020	2019
Cost of sales	19	16
Marketing and selling expenses	7	7
Research and development expenses	23	22
General and administrative expenses	16	15
Total	**65**	**60**

The actual return on plan assets is € 64 million (2019: € 51 million) and the actual return on reimbursement rights is € 1 million (2019: € 0 million).

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	**2020**	2019
Cash and cash equivalent	**12**	**15**
Equity instruments	**226**	**173**
Europe	60	52
U.S.	36	13
Rest of the World	130	108
Debt instruments	**295**	**240**
Corporate bonds	147	79
Government bonds	41	41
Other	107	120
Properties	**13**	**17**
Qualifying insurance policies	**103**	**96**
Investment funds	**153**	**156**
Other	**14**	**18**
Total	**816**	**715**

Virtually all equity and debt instruments have quoted prices in active markets. Properties can be classified as Level 3 instruments based on the definitions in IFRS 13 Fair Value Measurement.

The assets held in the funds do not contain any direct investment in UCB Group shares, nor any property occupied by, or other assets used by the Group, though this does not exclude UCB shares being included in mutual investment fund type investments. The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Eurozone		U.K.		Other	
	2020	2019	**2020**	2019	**2020**	2019
Discount rate	0.90%	1.26%	1.40%	2.05%	0.02%	0.16%
Inflation	1.75%	1.75%	2.80%	3.00%	N/A	N/A

Significant actuarial assumptions for the determination of the defined obligation are discount rate and inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 50 basis points higher (lower), the defined benefit obligation would decrease by € 94 million (increase by € 104 million) if all other assumptions were held constant.
- If the inflation rate would increase (decrease) by 25 basis points, the defined benefit obligation would increase by € 22 million (decrease by € 21 million) if all other assumptions were held constant.

The figures above do not take account of any interrelationship between the assumptions, especially between the discount rate, expected salary increases and inflation rates.

The Group's subsidiaries should fund the entitlements expected to be earned on a yearly basis. Funding usually follows local actuarial requirements and, in this framework, the discount rate is set on a risk-free rate.

Underfunding linked to past service are met by setting up recovery plans and investment strategies based on plan's demographics, appropriate time periods for amortization of past service liability, projected salary increase and the financial capabilities of the local company.

The average duration of the benefit obligation at the end of the reporting period is 16.60 years (2019: 16.22 years). This number can be subdivided into the duration related to:

- Eurozone: 14.50 years (2019: 14.55 years);
- U.K.: 19.90 years (2019: 18.48 years);
- Other: 20.40 years (2019: 19.73 years).

The Group expects to make a contribution of € 71 million to the defined benefit plans during the next financial year.

ALM (asset-liability matching) studies are typically performed every 3 years. Within those studies, investment strategies are analyzed in terms of risk-and-return profiles. An ALM study was completed in Switzerland in 2018. In Belgium, the last ALM study was performed in 2019.

In setting up the long-term investment strategy of the scheme, the investment committee focuses on some key principles defined by the Group such as:

- maintaining a balance between the level of contributions acceptable to UCB and the level of investment risk relative to the liabilities;
- reducing the volatility through investment diversification; and
- > the degree of investment risk should depend on the financial state of the schemes and liability profiles.

34. Provisions

The movements in provisions have been disclosed below:

€ million	Environment	Restructuring	Other	2020
At January 1, 2020	**16**	**25**	**177**	**218**
Arising during the year	0	8	75	83
Unused amounts reversed	0	0	-8	-8
Transfer from one heading to another	0	0	0	0
Effect of movements in exchange rates	0	0	-3	-3
Utilized during the year	-1	-23	-21	-45
At December 31, 2020	**15**	**10**	**220**	**245**
Non-current portion	14	0	151	165
Current portion	1	10	69	80
Total provisions	**15**	**10**	**220**	**245**

34.1 Environmental provisions

UCB has retained certain environmental liabilities which were mainly related to the divestiture of Films (2004) and Surface Specialties (2006). These liabilities relate to the divested sites on which UCB has retained full responsibility in accordance with contractual terms. In 2020 a part of that environmental provision has been used.

34.2 Restructuring provisions

The restructuring provisions arising during 2020 are related to further optimization business models. The utilization is also mainly related to earlier reorganizations in Europe.

34.3 Other provisions

Other provisions relate mainly to:

- provisions for litigations that comprise mainly provisions where UCB or a subsidiary is or might be a defendant against claims of previous employees;
- product liability provisions that pertain to the risks related to the normal course of business and for which the Group might be liable by selling these kinds of drugs. UCB is currently defendant in several product liability cases in France in respect of Distilbène, a former product of the UCB Group. The claimants in these actions claim that their mothers took Distilbène during their pregnancy and that as a result of this they suffered bodily injuries (see note 43.3). The provision in respect of Distilbène increased by € 21 million to a total of € 133 million (2019: increase by € 13 million to a total of € 112 million) to reflect the net estimated future cash outflows. The provision was discounted using a discount rate of -0.34% (2019: 0.07%). If the discount rate would be 25 basis points lower, the provision would increase by € 3 million, at 0% discount rate the provision would decrease with € 4 million;
- provisions for restoration costs for leased buildings due to the adoption of IFRS 16 (€ 10 million) (2019: € 10 million) (see Note 40);
- provisions in respect of the recoverability of non-income tax receivables.

An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

35. Trade and other liabilities

€ million	**2020**	2019
Other payables	91	32
Total non-current trade and other liabilities	**91**	**32**

€ million	**2020**	2019
Trade payables	513	403
Invoices to receive	86	100
Taxes payable, other than income tax	23	43
Payroll and social security liabilities	229	198
Other payables	69	66
Deferred income linked to development agreements	98	3
Other deferred income	24	35
Royalties payables	80	105
Rebates/discounts and other sales allowances payable	717	673
Accrued interest	28	32
Other accrued expenses	271	198
Total non-current trade and other liabilities	**2 138**	**1 856**

The increase of € 60 million in non-current trade and other liabilities comes from acquisition of Engage Therapeutics Inc. (refer to Note 8)

The vast majority of the trade and other liabilities are classified as current and consequently the carrying amounts of the total trade and other liabilities is assumed to be a reasonable approximation of fair value.

"Rebates/discounts and other sales allowances payable" include rebates, chargebacks, discounts and accruals for product returns relating to products sold in the U.S. to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and others. The sales returns and allowances are recorded in the same period as the underlying sales as a deduction to sales.

Per management assessment, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations.

As these deductions are based on management estimates, the actual deductions might differ from these estimates. Such differences could impact the accruals recognized in the statement of financial position in future periods and consequently the level of sales recognized in the income statement in future periods, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales deductions.

The accruals are reviewed and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.

All returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of financial position in the appropriate accrual account. The estimate for future product returns is based on several factors, including: historical return rates, expiration date by product, return rate by closed batches, actual returns processed among others, as well as any other specifically-identified anticipated returns due to known factors such as the loss of patent exclusivity, product recalls and discontinuances, or a changing competitive environment. Adjustments to these accruals may be required in the future based on revised estimates to our assumptions, which would have an impact on our consolidated results of operations. The U.S. sales return and allowance liability that is included as part of the rebates and discounts payable liability balance amounts to € 554 million as per December 31, 2020 (December 31, 2019: € 549 million).

36. Income tax payables

Income tax payables include liabilities for uncertain tax positions for an amount of € 155 million (2019: € 145 million). There has been a net increase in 2020 of liabilities resulting from remeasurement and roll-forward of existing tax risks and reversal of tax risks based on expiry of statutes of limitation and closing of tax audits, all reflecting the tax-technical merits of the case and the state of discussions with tax authorities upon tax audit (where appropriate). Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies.

The income tax receivable includes assets for tax relief following Mutual Agreement procedures for an amount of € 25 million (2019: € 18 million). Assets for relief following Mutual Agreement sthat a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions.

The assessment for both the uncertain tax positions and corresponding adjustments is calculated taking into account the most likely outcome (for corporate income tax related matters) or the expected value (for corporate tax or transfer pricing related matters), where appropriate and in line with IFRIC 23. See Note 4.2.5 for more details on the Group's assessment of uncertain tax positions. This means that, on a net basis, the group has provided for a reserve of € 130 million (2019: € 127 million) to cover for uncertain tax positions and engages into the necessary procedures to secure tax relief where possible.

UCB faces tax audits in a number of countries where activities are deployed. The issues under discussion are in some cases complex and such audits can take a number of years to resolve. The Group strictly follows up on the liabilities for uncertain tax positions which are recorded per end 2020, also reflecting the status of the ongoing tax audits.

37. Note to the consolidated statement of cash flows

The cash flow statement identifies operating, investing and financing activities for the period.

UCB uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as depreciation and amortization, impairment losses, provisions, mark-to-market, etc., and the variance in working capital;
- items of income or expense associated with investing or financing cash flows. Important non-cash transactions for 2020 mainly relate to acquired working capital from acquisitions (€ 263 million) and tax credits (€ 81 million) for which the cash benefit will be received in later years.

Important non-cash transactions for 2019 mainly relate to tax credits (€ 69 million) for which the cash benefit will be received in later years.

€ million	Note	2020	2019
Adjustment for non-cash transactions		**297**	**231**
Depreciation and amortization	10, 22, 20	354	313
Impairment / reversal (-) charges	10, 14	0	1
Equity settled share based payment expense		4	6
Other non-cash transactions in the income statement		-79	-68
Adjustment IFRS 9	17	31	-1
Unrealized exchange gain (-) / losses		-40	-9
Change in provisions and employee benefits		29	-6
Change in inventories and bad debt provisions		-2	-5
Adjustment for items to disclose separately under operating cash flow		**119**	**144**
Tax charge of the period from continuing operations	18	119	145
Tax charge of the period from discontinued operations		0	-1
Adjustment for items to disclose under investing and financing cash flow		**2**	**-7**
Gain (-) / loss on disposal of fixed assets		-50	-48
Interest income (-) / charge		52	41
Change in working capital			
Inventories movement per consolidated statement of financial position		-74	-134
Trade and other receivable and other assets movement per consolidated statement of financial position		-105	-147
Trade and other payable movement per consolidated statement of financial position		258	60
As it appears in the consolidated statement of financial position and corrected by:		**79**	**-221**
Non-cash items		98	-15
Change in inventories and bad debt provisions disclosed separately under operating cash flow		2	5
Currency translation adjustments		42	-1
As it appears in the consolidated cash flow statement		**221**	**-232**

[1] Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to stock rewards.

38. Financial instruments by category

December 31, 2020 € million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	**Total**
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	217	0	0	115	332
Derivative financial assets	39	0	52	86	0	138
Trade and other receivables (including prepaid expenses)	25	1 031	0	0	0	1 031
Cash and cash equivalents	26	1 336	0	0	0	1 336
Total		**2 584**	**52**	**86**	**115**	**2 837**

December 31, 2020

€ million	Note	Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	**Total**
Liabilities as per statement of financial position					
Borrowings	29	0	0	1 710	1 710
Bonds	30	14	0	1 023	1 037
Derivative financial liabilities	39	81	9	0	90
Trade and other liabilities	35	0	0	2 229	2 229
Other financial liabilities (excluding derivative financial instruments)	31	-1	0	0	-1
Total		**94**	**9**	**4 962**	**5 065**

December 31, 2019

€ million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	**Total**
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	180	0	0	106	286
Derivative financial assets	39	0	39	11	0	50
Trade and other receivables (including prepaid expenses)	25	950	0	0	0	950
Cash and cash equivalents	26	1 293	0	0	0	1 293
Total		**2 423**	**39**	**11**	**106**	**2 579**

December 31, 2019

€ million	Note	Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	**Total**
Liabilities as per statement of financial position					
Borrowings	29	0	0	135	135
Bonds	30	23	0	1 123	1 146
Derivative financial liabilities	39	12	30	0	42
Trade and other liabilities	35	0	0	1 888	1 888
Other financial liabilities (excluding derivative financial instruments)	31	29	0	0	29
Total		**64**	**30**	**3 146**	**3 240**

39. Derivative financial instruments

	Assets		Liabilities	
€ million	**2020**	2019	**2020**	2019
Forward foreign exchange contracts – cash flow hedges	86	9	5	30
Forward foreign exchange contracts – fair value through profit and loss	37	13	81	11
Foreign exchange options – net investment hedges	0	2	0	0
Interest rate derivatives – cash flow hedges	0	0	4	0
Interest rate derivatives – fair value through profit and loss	15	26	0	1
Total	**138**	**50**	**90**	**42**
Of which:				
Non-current (Notes 23 and 31)	15	26	3	1
Current (Notes 23 and 31)	123	24	87	41

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The cash flow hedges entered into by the Group were assessed to be highly effective and over 2020, a net unrealized gain of € 61 million (2019: net unrealized loss of € 55 million) after deferred taxes was included in equity in respect of these contracts. These gains/losses will be recycled to the profit or loss in the period during which the hedged forecast transactions affect the profit or loss.

The ineffective portion recognized in the profit or loss that arises from cash flow hedges amounts to € 0 million (2019: € 0 million).

39.1 Foreign currency derivatives

The Group policy with respect to the use of financial derivative contracts is described in Note 5 "Financial Risk Management".

The Group entered into several forward foreign exchange contracts in order to hedge a portion of highly probable future sales and royalty income, expected to occur in 2020 and 2021.

The fair values of the foreign currency derivative contracts are as follows:

	Assets		Liabilities	
€ million	**2020**	2019	**2020**	2019
USD	112	14	78	35
GBP	1	3	2	0
JPY	7	2	0	3
CHF	0	4	2	0
RUB	0	0	0	0
Other currencies	3	1	3	3
Total foreign currency derivatives	**123**	**24**	**85**	**41**

The net foreign currency derivatives maturity analysis is noted below:

€ million	2020	2019
1 year or less	38	-17
1–5 years	0	0
Beyond 5 years	0	0
Total foreign currency derivatives – net asset/net liability (-)	**38**	**-17**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at December 31, 2020:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	Other currencies	Total
Forward contracts	224	0	564	22	3	178	991
Currency swaps	1 703	159	1 219	361	8	107	3 557
Option/collar	0	0	0	0	0	0	0
Total	**1 927**	**159**	**1 783**	**383**	**11**	**285**	**4 548**

39.2 Interest rate derivatives

The Group uses various interest rate derivative contracts to manage its exposure to interest rate movements on its borrowings. The re-pricing dates and amortization characteristics are aligned with those of the fixed rate bonds. The outstanding interest rate derivative contracts are as follows:

Contract type	Nominal values of contracts (million)	Average rate (- is payer/ + is receiver)	Plus margin of points (- is payer/ + is receiver)	For periods		Floating interest receipts
				from	to	
IRS	€ 200	1.53%		Oct 4, 2013	Jan 4, 2021	-EURIBOR 3M
IRS	€ 150	1.59%		Oct 4, 2013	Jan 4, 2021	-EURIBOR 3M
IRS	€ 175	1.91%		Nov 27, 2013	Oct 2, 2023	-EURIBOR 3M
IRS	US$ 100	-1.97%		Nov 20, 2014	Nov 22, 2021	USD LIBOR 3 M
IRS	€ 100	0.44%		Dec 17, 2015	Apr 2, 2022	-EURIBOR 6M
IRS	€ 100	0.45%		Dec 17, 2015	Apr 2, 2022	-EURIBOR 6M
CCIRS	US$ 230	-USD LIBOR 3 Months	-0.16%	Nov 27, 2013	Oct 2, 2023	EURIBOR 3M
CCIRS	€ 205	USD LIBOR 3 Months	0.45%	Apr 2, 2016	Oct 2, 2023	-EURIBOR 3M
IRS	US$ 150	-0.55%		Jul 2, 2020	Jul 3, 2023	USD LIBOR 3 M
IRS	US$ 150	-0.56%		Jul 2, 2020	Jul 3, 2023	USD LIBOR 3 M
IRS	US$ 150	-0.56%		Jul 2, 2020	Jul 3, 2023	USD LIBOR 3 M
IRS	US$ 200	-0.35%		Jul 2, 2020	Jul 2, 2021	USD LIBOR 3 M
IRS	US$ 200	-0.34%		Jul 2, 2020	Jul 2, 2021	USD LIBOR 3 M
IRS	US$ 200	-0.35%		Jul 2, 2020	Jul 2, 2021	USD LIBOR 3 M
IRS	US$ 100	-0.34%		Jul 2, 2020	Jul 2, 2021	USD LIBOR 3 M
IRS	US$ 100	-0.37%		Jul 2, 2020	Jul 2, 2021	USD LIBOR 3 M

39.3 Hedge of net investment in a foreign entity

Any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges are taken up under Cumulative Translation Adjustments. These unrealized gains and losses will remain in equity and will only be recycled to profit or loss when the Group no longer holds the underlying assets.

40. Leases

40.1 Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

€ million	Note	2020	2019
Buildings	22	93	93
Plant and machinery	22	1	2
Office equipment and vehicles	22	35	26
Total right-of-use assets		**129**	**121**
Non-current	29	75	61
Current	29	35	38
Total lease liabilities		**110**	**99**

Additions to the right-of-use assets during the 2020 financial year were € 45 million.
As per December 31, 2020, no residual value guarantees are included in the lease liabilities.
As per December 31, 2020, lease commitments for leases not yet commenced amounted to € 14 million.

40.2 Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

€ million	Note	2020	2019
Depreciation charge of right-of-use assets	22	**48**	**44**
Buildings	22	28	28
Plant and machinery	22	1	1
Office equipment and vehicles	22	19	15
Interest expense (included in Financial expenses)	17	3	3
Expense relating to short-term leases		3	6
Expense relating to leases of low-value assets that are not short-term leases		7	6
Expense relating to variable lease payments not included in lease liabilities		0	-1
Total expense related to leases		**61**	**58**

The total cash outflow for leases in 2020 was € 41 million.
In 2020 there was no material income from subleasing.

41. Earnings per share

41.1 Basic earnings per share

€	2020	2019
From continuing operations	3.87	4.22
From discontinued operations	0	0.01
Basic earnings per share	**3.87**	**4.23**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

41.2 Diluted earnings per share

€	2020	2019[1]
From continuing operations	3.77	4.09
From discontinued operations	0	0.01
Diluted earnings per share	**3.77**	**4.10**

[1] Diluted earnings per share calculation has been changed in 2020 compared to 2019 in order to adjust for the effect of dilutive potential ordinary shares. As from 2020, diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, adjusted by the number of dilutive potential ordinary shares attached to the issuance of stock options, stock awards and performance shares. Comparative amounts for 2019 have been restated.

The number of dilutive potential ordinary shares is calculated based on the average number of stock options outstanding during the reporting period as the difference between the average market price of ordinary shares during the reporting period and the weighted average exercise price of the stock options and on the average number of stock awards and performance shares outstanding during the reporting period. Stock options only have a dilutive effect when the average market price is above the exercise price (stock options are "in the money").

For the purpose of calculating dilutive earnings per share, there were no adjusting elements to the profit attributable to shareholders of the Company.

41.3 Earnings

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

Basic

€ million	**2020**	2019
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	732	789
Profit/loss (-) from discontinued operations	0	2
Profit attributable to shareholders of UCB SA	**732**	**792**

Diluted

€ million	**2020**	2019
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	732	789
Profit/loss (-) from discontinued operations	0	2
Profit attributable to shareholders of UCB SA	**732**	**792**

41.4 Number of shares

In thousands of shares	**2020**	2019
Weighted average number of ordinary shares for basic earnings per share	189 035	187 217
Weighted average number of ordinary shares for diluted earnings per share	194 245	192 952

42. Dividend per share

The gross dividends paid in 2020 (in respect of the year ended December 31, 2019) and 2019 (in respect of the year ended December 31, 2018) were € 239 million (€ 1.24 per share) and € 233 million (€ 1.21 per share) respectively.

A dividend in respect of the year ended December 31, 2020 of € 1.27 per share, amounting to a total dividend of € 240 million, is to be proposed at the annual general meeting of the shareholders on April 29, 2020.

In accordance with IAS 10, events after the reporting period, the proposed dividend has not been recognized as a liability at year-end.

43. Commitments and contingencies

43.1 Capital and other commitment

At December 31, 2020, the Group has committed to spend € 150 million (2019: € 62 million) mainly with respect to expected capital expenditures for the new biological production unit, the new Gene-Therapy plant and lab equipment on the Braine site (Belgium).

UCB has entered into long-term development agreements with various pharmaceutical enterprises, clinical trial operators and financial investors. Such collaboration agreements may include milestone payments which are dependent on successful clinical development or on meeting specified sales targets. The table below sets out the maximum that would be paid if all milestones, however unlikely, are achieved but excludes variable royalty payments based on unit sales and amounts accrued for milestones already achieved. The amounts are not risk-adjusted or discounted, and the timing of the payments is based on the Group's current best estimate of achievement of the relevant milestones.

€ million	**2020**	2019
Less than 1 year	147	29
Between 1 and 5 years	492	171
More than 5 years	781	642
Total	**1 420**	**842**

UCB has concluded several agreements with Contract Manufacturing Organizations for the supply of its products. Total outstanding commitments towards these CMOs amount to € 536 million as per end of 2020 (2019: € 482 million).

As part of UCB's innovation strategy, UCB has established a corporate venture fund, UCB Ventures. The main objectives of the fund are to add breadth to UCB's innovation ecosystem, to create a window on new technologies, products, platforms and channels to augment or complement UCB's existing activities, to develop network and strategic relationships in the venture capital investor community to identify opportunities that UCB might not otherwise see. Within this framework UCB has outstanding commitments at the end of 2020 for a total amount of US$ 18 million relating to investments in venture capital funds.

43.2 Guarantees

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

43.3 Contingencies

The Group continues to be actively involved in litigations, claims and investigations. The ongoing matters could result in liabilities, civil and criminal penalties, loss of product exclusivity and other costs, fines and expenses associated with findings adverse to UCB's interests. Potential cash outflows reflected in a provision might be fully or partially offset by insurance in certain circumstances. UCB has not established provisions for potential damage awards for certain additional legal claims against our subsidiaries if UCB currently believes that a payment is either not probable or cannot be reliably estimated.

1. Intellectual property matters (selected matters)

We vigorously protect our patent portfolio and our ability to bring medicines to patients as we deem necessary. Consequently, UCB is involved in various litigation matters as a plaintiff in various jurisdictions in the U.S. and Europe, including actions relating to Vimpat®, Neupro®, Xyzal®, Briviact® and *bimekizumab*.

Vimpat®

- Spain: As previously reported, a local generics company, Normon, challenged the patent. UCB won the first instance trial in the Court of Barcelona and the patent was maintained. Normon filed an appeal in July 2020. An appeal decision is expected late in 2021 or early 2022.
- Germany: Inventor compensation dispute whereby two former Schwarz inventors have filed 3 complaints against UCB alleging that the assignment of rights under the Toviaz formulation patents is invalid and hence royalties from Pfizer should be paid to them.

Neupro®

- United States: After successfully enforcing the basic formulation patent for Neupro® against Actavis, UCB is now seeking to enforce against Actavis a reformulation patent granted in 2019. The reformulation patent covers the stabilization of the Neupro patch, which was necessary after Neupro® was removed from the U.S. market in 2008 due to crystals forming in the patch. The trial took place in federal court in Delaware in 2020. A decision is anticipated in early- to mid-2021.
- Europe: In 2018, Mylan, Inc and Luye opposed the Neupro® reformulation patent granted in Europe. The initial hearing took place in January 2021. A decision was rendered in UCB's favor.

Briviact®

- United States: The *Briviact* Patent Term Extension (PTE) application for the compound patent covering *brivaracetam* was recently granted and will expire in February 2026. Currently, 8 generic companies have filed ANDAs. UCB has filed complaints against all 8 ANDA filers in federal court in Delaware. The trial is expected to take place in 2021.

Bimekizumab

- Europe – Opposition: A European patent granted recently to Genentech relates to IL-17A/F antibodies. UCB has filed an opposition with the European Patent Office (EPO). No hearing date is scheduled yet. The grandparent of this Genentech patent was revoked by the EPO.
- Europe – Litigation in EU: UCB has also filed revocation and non-infringement actions against the Genentech EU patent mentioned above in the United Kingdom, the Netherlands, Belgium, and Switzerland. In Italy, UCB filed an action seeking a declaration of non-infringement.

2. Product liability matters

Distilbène product liability litigation – France

- France Entities of the UCB Group have been named as defendants in several product liability cases in France. The claimants in these actions claim that their mothers took Distilbène, a former product of the UCB Group, during their pregnancy, and that as a result of this they suffered bodily injuries. The Group has product liability insurance in place but the insurance coverage will likely not be sufficient. The Group has accounted for a provision (refer to Note 34).

Opioid Litigation:

UCB, Inc. ("UCB") has been named as a defendant in thirteen state and federal lawsuits in connection with the national opioid litigation in the United States. The litigation began several years ago, when plaintiffs – primarily state and local governments – began filing suit against manufacturers, pharmacies and distributors of opioids, alleging generally that: (1) manufacturers worked in concert to perpetuate a false marketing scheme by overstating the safety and efficacy, and understating the risks, of long-term opioid use for chronic pain; and (2) all defendants failed to prevent diversion, and failed to monitor, report and prevent suspicious orders. Plaintiffs assert claims for public nuisance, RICO, civil conspiracy, negligence, fraud/fraudulent misrepresentation, strict products liability, and various state-specific claims.

In December 2017, the Judicial Panel on Multidistrict Litigation created a multidistrict litigation (MDL) in the Northern District of Ohio to address the cases pending in federal courts. There are currently approximately 2 800 cases pending in the MDL.

In the spring of 2018, UCB was named in two opioid cases – one filed by an Arkansas municipality in Arkansas state court, and one purported class action filed by third-party payers in the Southern District of Alabama. UCB was dismissed from the Arkansas action in January 2019, after the court concluded the allegations against it were insufficient to establish the court's personal jurisdiction. The Alabama case was subsequently transferred to the MDL, where it has been stayed.

In March 2019, four Kentucky plaintiffs amended their complaints to add UCB as a defendant. Three of the cases were brought by hospital plaintiffs and the fourth was brought on behalf of Clay County, Kentucky. These cases have been stayed in the MDL.

In July 2019, eight Utah counties amended their state court complaints, adding UCB and other opioid manufacturers as defendants. These actions were consolidated in the Third District Court of Summit County, Utah, where they remain pending, subject to UCB's efforts to have the cases dismissed.

In addition, a UCB contract manufacturer, Unither, was named in four MDL cases, all of which are stayed. The plaintiffs include a hospital, two municipalities in Puerto Rico and a county in Missouri. UCB has certain indemnity obligations to Unither.

None of the complaints contain specific allegations against UCB. The only direct allegation made against UCB is that it manufactures, markets, and distributes opioids in the U.S. While one UCB product is identified in one complaint, there are no other references to any UCB product in any of the other complaints.

UCB's overall market share of opioid products remained low throughout the time period at issue. During the 2006-2012 time period, UCB had 0.2% of the nationwide manufacturer market share for *hydrocodone* and *oxycodone* pills.

3. Investigations

- Cimzia® Investigation: In March 2019, UCB, Inc. received a Civil Investigative Demand (CID) from the U.S. Department of Justice (DOJ) and a subpoena from the Department of Health and Human Services (HHS) Office of Inspector General (OIG) both seeking information relating to the sales and marketing practices and pricing of Cimzia® for the periods from 2011 and 2008, respectively, to date. On March 27, 2020, UCB was informed that DOJ was suspending the inquiry initiated by its office in Georgia. The Company is cooperating fully with DOJ and OIG.
- Cimzia® California Department of Insurance (CDI) Investigation: On December 28, 2020, the CDI contacted our outside counsel regarding an investigation it is conducting into UCB, Inc. relating to: (1) physician reimbursement directions for Cimzia® lyophilized powder; and (2) UCB's relationships with certain group purchasing organizations. The Company is cooperating fully with CDI.
- BRIVIACT® Investigation: In November 2019, UCB, Inc. was served with a CID by DOJ seeking information relating to Briviact® for the period from 2011 to date. The Company is cooperating fully with DOJ.

4. Other matters

- Cimzia® CIMplicity® Lawsuit: In March 2018, UCB, Inc. was served with a lawsuit alleging that since 2011, the Cimzia® CIMplicity® program, namely the nurse educator services and reimbursement services provided by a UCB vendor, violated federal and state false claims act and anti-kickback statutes. In December 2018, the DOJ moved to dismiss the case. The Court denied the motion. In July 2019, DOJ appealed the denial of its motion to dismiss to the Seventh Circuit Court of Appeals. In August 2020, the Court of Appeals ruled in DOJ's favor, which resulted in the dismissal of the case. On February 10, 2021, the relator filed a petition for writ of certiorari with the U.S. Supreme Court.

5. Concluded legal matters

- Vimpat® - Accord and Teva German Litigation: In the third quarter of 2017, Accord Healthcare and Teva filed nullity actions in the German Patent Court, seeking to invalidate the German part of the European Vimpat® patent/supplementary protection certificate (SPC). Accord has withdrawn its appeal. Teva is continuing its action against the SPC. A hearing in the Federal Patent Court took place on September 12, 2019 after which the panel confirmed the validity of the SPC. Teva can appeal the decision until February 17, 2020. No appeal has been received which means that the validity ruling has become final and proceedings are terminated.
- Xyzal®: UCB is engaged in litigation with Apotex concerning Xyzal® oral solution. The Xyzal oral solution patent expiry date is October 2027. Apotex filed a petition with the United States Patent and Trademark Office (USPTO) to invalidate the Xyzal® formulation patent. UCB's licensee, Chattam, declined its right to be engaged in litigation. Consequently, UCB exercised its right to defend its patent. In June, the USPTO ruled in UCB's favor. Apotex has decided not to appeal the decision.

It is not anticipated that any other material liabilities will arise from the contingent liabilities other than those provided for (refer to Note 34.

44. Related party transactions

44.1 Related party transactions

During the financial years ended December 31, 2020 and 2019, all intra-UCB Group transactions were carried out based on assessments of mutual economic benefit to the parties involved, and the applicable conditions were established in accordance with criteria of at arm's length negotiations and fair dealing, and with a view to creating value for the entire UCB Group. Conditions governing intra-UCB Group transactions were similar to conditions governing third-party transactions.

With regard to the sale of intermediary and finished products, these criteria were in most cases achieved by increasing each party's respective production cost by an at arm's length profit margin. With regard to intra-UCB Group services rendered, these criteria are accompanied by the principle of charging fees sufficient to cover each party's respective incurred costs and an at arm's length mark-up. Intra-Group transactions carried out within the UCB Group constitute standard transactions for a biopharmaceutical group. These transactions include the purchase and sale of intermediary and finished medical products, deposits and loans for UCB Group affiliates as well as functions and activities carried out by the UCB Group in order to optimize operations.

44.2 Financial transactions with related parties other than UCB SA affiliates

During 2020 there have been no financial transactions with related parties other than affiliates of UCB SA.

44.3 Key management compensation

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the portion of the year where they exercised their mandate.

	2020	2019
Short-term employee benefits	18	18
Termination benefits	7	2
Post-employment benefits	3	4
Share-based payments	8	11
Total key management compensation	**36**	**35**

Short-term employee benefits include salaries (including social security contributions), bonuses earned during the year, car leasing and other allowances where applicable. Share-based compensation includes the amortization over the vesting period of the fair value of equity instruments granted, and comprises share options, share awards and performance shares further explained in Note 28. The termination benefits contain all compensated amounts, including benefits in kind and deferred compensation. There have been no loans granted by the Company or a subsidiary of the Group to any Director or officer of the Group, nor any guarantees given with respect hereto.

44.4 Shareholders and shareholders structure

The main shareholder of UCB is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 68 076 981 UCB shares on a total number of 194 505 658 (i.e. 35.00%) as at December 31, 2020.

Based on the transparency declarations received by Tubize and, as the case may be, more recent public disclosures, the shareholder structure of Tubize per December 31, 2020 can be summarized as follows:

	Concert Voting rights	%	Outside concert Voting rights	%	Total Voting rights	%
FEJ SRL	8 525 014	19.15	1 988 800	4.47	10 513 814	23.62
Daniel Janssen	5 881 677	13.21	0	0.00	5 881 677	13.21
Altaï Invest SA	4 969 795	11.16	26 468	0.06	4 996 263	11.22
Barnfin SA	3 903 835	8.77	0	0.00	3 903 835	8..77
Jean van Rijckevorsel	11 744	0.03	0	0.00	11 744	0.03
Total voting rights held by the reference shareholders	**23 292 065**	**52.33**	**2 015 268**	**4.53**	**25 307 333**	**56.85**
Other shareholders	0	0.00	19 205 265	43.15	19 205 265	43.15
Total voting rights	**23 292 065**	**52.33**	**21 220 533**	**47.67**	**44 512 598**	**100.00**

Altaï Invest SA is controlled by Evelyn du Monceau, born Evelyn Janssen. Barnfin SA is controlled by Bridget van Rijckevorsel, born Paule Bridget Janssen.

The reference shareholders of Tubize, belonging to the Janssen family, act in concert, i.e. they have entered into a shareholders' agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to Tubize and concerning the possession, acquisition or transfer of voting securities cf. article 3, section 1, 13°, a), b) and c) of the Law on the disclosure of large shareholdings and article 3, section 1, 5°, a) and b) of the Law on public takeover bids.

UCB also holds UCB shares (see below for an overview of its shareholdings at December 31, 2020). The remaining UCB shares are held by the public.

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of May 2, 2007, on the disclosure of large shareholdings (situation as at December 31, 2020):

Situation as per December 31, 2020

	Share capital €	**€ 583 516 974**		**March 13, 2014**
	Total number of voting	**194 505 658**		**March 13, 2014**
1	Financière de Tubize SA			
	Securities carrying voting rights (shares)	68 076 981	35.00%	January 19, 2018
2	UCB SA/NV			
	Securities carrying voting rights (shares)	5 480 222	2.82%	December 31, 2020
	Assimilated financial instruments (options)[1]	0	0.00%	March 6, 2017
	Assimilated financial instruments (other)[1]	0	0.00%	December 31, 2015
	Total	**5 480 222**	**2.82%**	
	Free float[2] (securities carrying voting rights (shares))	**120 948 455**	**62.18%**	
3	Wellington Management Group LLP			
	Securities carrying voting rights (shares)	15 575 749	8.01%	October 01, 2019
4	BlackRock, Inc.			
	Securities carrying voting rights (shares)	9 412 691	4.84%	January 13, 2020
5	FMR LLC			
	Securities carrying voting rights (shares)	7 060 944	3.63%	July 27, 2020

[(a)] percentages are calculated on the basis of the current total number of voting rights)
[1] Assimilated financial instruments within the meaning of article 6, §6 of the Law of May 2, 2007 on the disclosure of large shareholdings.
[2] Free float being the UCB shares not held by the reference shareholder (Tubize) and UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

45. Events after the statement of financial position date

There have been no events after the statement of financial position date.

46. UCB Companies (fully consolidated)

Name and office	Holding	Controlling partner
AUSTRALIA		
UCB Australia Pty. Ltd. – Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	UCB SA
AUSTRIA		
UCB Pharma Gesellschaft m.b.H. – Twin Tower, Wienerbergstrasse 11/12a, 1100 Wien	100%	UCB Pharma SA
BELGIUM		
UCB Fipar SA – Allée de la Recherche, 60 – 1070 Brussels (BE0403.198.811)	100%	UCB Belgium SA
UCB Biopharma SRL – Allée de la Recherche, 60 – 1070 Brussels (BE0543.573.053)	100%	UCB Pharma SA
UCB Belgium SA – Allée de la Recherche, 60 – 1070 Brussels (BE0402.040.254)	100%	UCB Pharma SA
UCB Pharma SA – Allée de la Recherche, 60 – 1070 Brussels (BE0403.096.168)	100%	UCB SA
Sifar SA – Allée de la Recherche, 60 – 1070 Brussels (BE0453.612.580)	100%	UCB Pharma SA

UCB Ventures SA – Allée de la Recherche, 60 – 1070 Brussels (BE0667.816.096)	100%	UCB SA
UCB Ventures Belgium SA – Allée de la Recherche, 60 – 1070 Brussels (BE0668.388.891)	100%	UCB Ventures SA
Handl Therapeutics BV – Cardenberch 1 – 3000 Leuven (BE0735.503.488)	100%	UCB Biopharma SRL
BRAZIL		
UCB Biopharma Ltda – Av. Presidente Juscelino Kubitschek, nº 1327, 5° andar, Condominio Edificio Intemacional Plaza II – CEP: 04543-011 Sao Paulo	100%	UCB SA
BULGARIA		
UCB Bulgaria EOOD – 2B Srebarna street, fl. 9, office 8B, Lozenetz, Sofia 1407	100%	UCB SA
CANADA		
UCB Canada Inc. – 2201 Bristol Circle, Suite 602 – ON L6H0J8 Oakville	100%	UCB Holdings Inc.
CHINA		
UCB Trading (Shanghai) Co Ltd – Suite 317, 439 No.1 Fu Te Road West, Shanghai (Pilot Free Trade Zone)	100%	UCB SA
UCB Pharma (Hong Kong) Ltd – Rooms 156 & 157, 20/F, Cityplaza Three, 14 Taikoo Wan Road, Tai Koo, Hong Kong	100%	UCB Pharma GmbH
UCB Pharma (Zhuhai) Company Ltd – Section A., Workshop, No.3 Science & Technology 05th Road, Innovation Coast, National Hi-Tech Industrial Development Zone – Zhuhai Guangdong Province	100%	UCB Pharma GmbH
CZECH REPUBLIC		
UCB S.R.O. – Thámova 289/13 – 186 00 Praha 8	100%	UCB SA
DENMARK		
UCB Nordic AS – Edvard Thomsens Vej 14, 7 – 2300 Copenhagen	100%	UCB Pharma SA
FINLAND		
UCB Pharma Oy Finland – Bertel Jungin aukio 5, 6.krs – 02600 Espoo	100%	UCB Pharma SA
FRANCE		
UCB Pharma SA – Défense Ouest 420, rue d'Estienne d'Orves – 92700 Colombes	100%	UCB SA
GERMANY		
UCB Pharma GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB GmbH
UCB GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma SA
UCB BioSciences GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
GREECE		
UCB A.E. – 63 Agiou Dimitriou Street – 17456 Alimos – Athens	100%	UCB SA
HUNGARY		
UCB Hungary Ltd – Obuda Gate Building Arpád Fejedelem útja 26-28 – 1023 Budapest	100%	UCB SA

INDIA		
UCB India Private Ltd – Building No. - P3, Unit No. - 103, 1st Floor, Prithvi Complex, Kalher Pipe Line, Kalher, Bhiwandi, Thane, 421302 Maharashtra	100%	UCB SA
Uni-Mediflex Private Ltd – Building No. - P3, Unit No. - 103, 1st Floor, Prithvi Complex, Kalher Pipe Line, Kalher, Bhiwandi, Thane, 421302 Maharashtra	100%	UCB SA
IRELAND		
UCB (Pharma) Ireland Ltd – United Drug House Magna Drive, Magna Business Park, City West Road – Dublin 24	100%	UCB SA
UCB Manufacturing Ireland Ltd – Shannon Industrial Estate – Shannon, County Clare	100%	UCB SA
ITALY		
UCB Pharma SpA – Via Varesina 162 – 20156 Milano	100%	UCB SA
JAPAN		
UCB Japan Co Ltd – Shinjuku Grand Tower, 8-17-1 Nishi-Shinjuku 160-0023 Shinjuku, Tokyo	100%	UCB SA
LUXEMBOURG		
Edev Sàrl – Rue Eugène Ruppert, 5C – 2453 Luxembourg	0%	N/A
MALAYSIA		
UCB Trading (Malaysia) Sdn. Bhd.2 – Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	100%	UCB SA
MEXICO		
UCB de Mexico SA de C.V. – Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepec I sección, Alcaldía Miguel Hidalgo, 11589 Mexico D.F.	100%	UCB SA
Vedim SA de C.V. – Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepec I sección, Alcaldía Miguel Hidalgo, 11589 Mexico D.F.	100%	Sifar SA
NETHERLANDS		
UCB Finance N.V.[1] – Hoge Mosten 2 – 4822 NH Breda	100%	UCB SA
UCB Pharma B.V. (Netherlands) – Hoge Mosten 2 – 4822 NH Breda	100%	UCB Pharma SA
NORWAY		
UCB Pharma A.S. – Haakon VIIs gate 6 – 0161 Oslo	100%	UCB Pharma SA
POLAND		
Vedim Sp. z.o.o. – Ul. L. Kruczkowskiego, 8, 00-380 Warszawa	100%	Sifar SA
UCB Pharma Sp. z.o.o. – Ul. L. Kruczkowskiego, 8, 00-380 Warszawa	100%	UCB SA
PORTUGAL		
UCB Pharma (Produtos Farmaceuticos) Lda – Estrada de Paço de Arcos, 58, 2770-130 Paço de Arcos	100%	UCB SA
ROMANIA		
UCB Pharma Romania S.R.L. – 40-44 Banu Antonache, 4th fl., district 1 – 011665 Bucharest	100%	UCB SA

RUSSIA		
UCB Pharma LLC – Shturvaluaya 5 bldg 1 – 125364 Moscow	100%	UCB SA
UCB Pharma Logistics LLC – 1st Krasnogvardeyskiy proezd 15, floor 13, office 2, room 35, premises 1 – 123100 Moscow	100%	UCB SA
SOUTH KOREA		
UCB Korea Co Ltd. – 4th Fl., A+ Asset Tower, 369 Gangnam-daero, Seocho-gu, 06621 Seoul	100%	UCB SA
SPAIN		
UCB Pharma SA – Plaza de Manuel Gómez Moreno, s/n, Edificio Bronce, 5th floor – 28020 Madrid	100%	UCB SA
SWEDEN		
UCB Pharma AB (Sweden) – Master Samuelsgatan 60 – 111 21 Stockholm	100%	UCB Pharma SA
SWITZERLAND		
UCB Farchim SA (A.G. – Ltd.) – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Pharma SA
Doutors Réassurance SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB-Pharma AG – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB Medical Devices SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
TAIWAN		
UCB Pharmaceuticals (Taiwan) Ltd – 12F.-2, No.88, Dunhua N. Rd., Songshan Dist, 10551 Taipei	100%	UCB SA
THAILAND		
UCB Trading (Thailand) Ltd – No. 984/79 PM Riverside Condominium, 25th fl., Rama 3 Road, Kwaeng Bang Phong Pang, Khet Yannawa – 10500 Bangkok	100%	UCB SA
TURKEY		
UCB Pharma A.S. – Palladium Tower, Barbaros Mah., Kardelen Sok. No.2, Kat.24/80, 34746 Istanbul	100%	UCB SA
U.K.		
UCB (Investments) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB SA
Celltech Group Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB (Investments) Ltd
Celltech R&D Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Darwin Discovery Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Schwarz Pharma Ltd, in liquidation – Hill House 1, Little New Street – EC4A 3TR London	100%	Celltech Group Ltd
UKRAINE		
UCB Ukraine LLC – 19 Grygoriya Skovorody Str., Business – center "Podol Plaza" – 04070 Kiev	100%	UCB Pharma SA

U.S.		
UCB Holdings Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Pharma SA
UCB Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
UCB Biosciences Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
UCB Manufacturing Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
Beryllium Discovery Corp. – 3 Preston Court – 01730 Bedford, Massachusetts	100%	UCB Biosciences Inc.
The RNA Medicines Company Inc. – 2711 Centerville Road, Suite 400 – 19808 Wilmington, Delaware	100%	UCB Biosciences Inc.
Element Genomics Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Biosciences Inc.
Ra Pharmaceuticals, Inc.[3] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
Engage Therapeutics, Inc.[3] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
Alden Health, Inc.[3] – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.

[1] UCB Finance N.V. was put into liquidation on December 7, 2020.
[2] Liquidation of UCB Trading (Malaysia) Sdn. Bhd. will be closed in Q1 2021. This company is included in the Consolidated Financial Statements for 2019 and 2020.
[3] New companies have been included in UCB's consolidated financial statements: Ra Pharmaceuticals, Inc.as of April 2, 2020; Engage Therapeutics Inc. as of June 5, 2020 and Alden Health, Inc. as of June 22, 2020 (incorporation date).

4. Responsibility statement

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of December 31, 2020, prepared in accordance with International Financial Reporting standards (IFRS), as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed by **Jean-Christophe Tellier (CEO)** and **Sandrine Dufour (CFO)** on behalf of the Board of Directors.

5. Statutory auditor's report

Statutory auditor's report to the General Shareholders' Meeting of UCB SA/NV for the year ended December 31, 2020

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of UCB SA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d April 25, 2018, following the proposal formulated by the Board of Directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the consolidated accounts prepared on December 31, 2020. We started the statutory audit of the consolidated accounts of the Company before 1990.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of € 13.319 million and a profit for the year (attributable to equity holders) of € 732 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised in the U.S. (refer to Notes 3.7.1, 4.2.1 and 35)

Description of the Key Audit Matter

In the U.S., the UCB Group sells products to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs (Medicaid, Medicare or equivalent scheme). This process leads to significant adjustments to the gross sales in the form of rebates, chargebacks, discounts and product returns. We identified this matter as a key audit matter because significant amounts of these unsettled adjustments are recorded as accruals in the statement of financial position at year-end. The process for determining these accruals is complex and depends on contract terms and regulation, as well as forecasts of sales volumes by channel and estimates on expected returns of products. As disclosed in Note 35, the amount of the accruals at December 31, 2020 is € 554 million (€ 549 million as per December 31, 2019).

How our audit addressed the Key Audit Matter

Our testing focused on the accruals for sales rebates, chargebacks, discounts and product returns recognised at the year-end as the process for these accruals involves the use of large volumes of data, regarding sales volumes and discounts from multiple sources, which, taken together, require significant management judgement in a complex U.S. healthcare environment.

We obtained management's calculations of the accruals for sales rebates, chargebacks, discounts and product returns and tested the inputs into the accrual calculations. We performed the following procedures:

- We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to calculate and record the year-end balances.
- We tested the mathematical accuracy of the year-end balances and compared such amounts to our own independently developed expectations (substantive analytics). Our independent expectations were developed based on sales figures, historical rebate invoices received, adjusted for current volumes, rebate rates as included in sales contracts and agreements with third parties and adjusted for any Company or industry specific factors.
- We assessed the key judgements and assumptions within management's analysis and we considered other known factors such as generic entrants and government, legal or regulatory information, as applicable. We assessed the assumptions used to determine the standard lag times for commercial rebates, Medicare rebates, Medicaid rebates, cash discounts, chargebacks and returns.
- We examined third party statements and data such as external data, we sampled rebate and chargeback invoices processed subsequently to year end and we assessed management's estimates of channel inventory.
- We performed look back tests that compared accruals recognised in previous periods to actual rebates, chargebacks, discounts or returns received in order to test management's historical accuracy in calculating these accruals.

In determining the appropriateness of the revenue recognition policy in accordance with IFRS 15 applied by management in calculating sales rebates, chargebacks, discounts and product returns under contractual and regulatory requirements, there is room for judgement. We did not identify any material differences between our independent expectations and the accruals and we found the judgements made by management to be reasonable. Also, the policies applied are consistent in all material respects with IFRSs as adopted by the European Union.

Carrying value of goodwill and intangible assets (refer to Notes 3.10, 3.14, 3.15, 4.2.2, 14, 20 and 21)

Description of the Key Audit Matter

The UCB Group has € 2.973 million of intangible assets (December 31, 2019 – € 839 million), comprising significant licenses, patents and acquired trademarks. The increase in intangible assets is mainly explained by the acquisitions of Ra Pharmaceuticals and Engage Therapeutics (Note 8). In addition, the Group has € 4.964 million of goodwill at December 31, 2020 (December 31, 2019 – € 5.059 million).

The carrying values of goodwill and intangible assets are contingent on future cash flows and if these cash flows do not meet the Group's expectations, there is risk that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant judgements and estimates including revenue growth, the success of new product launches, patent expiry dates, profit margins, terminal values and discount rate. Changes in these assumptions might lead to a change in the carrying value of intangible assets and goodwill. Therefore, this area has been determined to be a key audit matter.

The Group has one cash generating unit ("CGU"), Biopharmaceuticals, for goodwill impairment testing purposes.

How our audit addressed the Key Audit Matter

We obtained the UCB Group's impairment evaluation analyses and tested the reasonableness of the methodology and the key assumptions, including profit and cash flow growth, terminal values, the impact of the expiry of patents, pricing impacts, potential product obsolescence, the probability of success for pipeline products and the selection of discount rates. We have assessed management's substantiation of its assumptions, including comparing relevant assumptions to industry and economic forecasts. In doing this, we worked with our internal valuation specialists. We have also evaluated the process to prepare the Groups strategic plan that was approved by UCB's Board of Directors.

We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and we performed our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment. We also assessed the reasonability of the forecasted discounted cash flows by comparing those to the Group's market capitalisation.

Management's review of the recoverable amounts of the Group's assets did not result in the recognition of impairment charges in 2020 (see Note 14). As a result of our work, we concur with this position. In addition, we found that management's judgements were supported by reasonable assumptions that would require unreasonable downside changes before any material impairment was necessary.

In respect of the Biopharmaceuticals CGU, we confirmed that this is the lowest level at which management monitors goodwill for internal purposes, that it is consistent with how the Group's results and financial position are reported to the executive committee and the board of directors and that it thus complies with IFRS as adopted by the European Union.

Recognition of deferred tax assets and uncertain tax positions (refer to Notes 3.12, 4.2.5, 32 and 36)

Description of the Key Audit Matter

The UCB Group has significant tax losses from past business performance. There is inherent uncertainty involved assessing both the availability of losses and tax credits and in forecasting future taxable profits, which determines the extent to which deferred tax assets are recognised. Additionally, the availability and the amount of the tax losses and tax credits can be impacted by ongoing tax audits. At December 31, 2020, the Group has recognised € 605 million of deferred tax assets (December 31, 2019 – € 873 million). The process for the determination of deferred tax assets is complex and involves a significant amount of judgement. These are the reasons why the recognition of deferred tax assets is considered as of most significance in our audit.

The group operates in a complex multinational tax environment and there are open tax and transfer pricing matters with tax authorities. Judgement is required in assessing the level of provisions required in respect of uncertain tax positions. That is why the provisions for uncertain tax positions are also considered as a key audit matter. At December 31, 2020, the Group has recognised provisions of € 155 million in respect of uncertain tax positions (December 31, 2019 – € 145 million). The increase in provisions for uncertain tax positions is mainly explained by the remeasurement of existing tax risks compensated by the closing of certain tax audits. Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies. In respect of uncertain tax positions, the Group has recorded income tax receivables for tax relief following Mutual Agreement procedures for an amount of € 25 million (December 31, 2019 – € 18 million). Assets for relief following Mutual Agreement procedures are recorded when the Group considers it probable that a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions. This means that, on a net basis, the group has provided for a reserve of € 130 million (December 31, 2019 – € 127 million) to cover for uncertain tax positions.

How our audit addressed the Key Audit Matter

We evaluated the appropriateness of the management's key assumptions and estimates, in particular the likelihood of generating sufficient future taxable profits to support the recognition of deferred tax assets.

We evaluated the possible effects of tax audit outcomes on the availability of tax losses and tax credits (and the need for recognizing a provision for uncertain tax positions, if deemed necessary).

We considered the status of recent and current tax authority audits, the outcome of previous audits, the judgemental positions taken in tax returns and current year estimates and developments in the tax environment.

In conjunction with our own specialists in International Tax, we assessed and evaluated the correspondence with the relevant tax authorities and certain third party tax opinions. Based on this information, we analysed and challenged the assumptions used by management to determine tax provisions. We conclude that the provisions for uncertain tax positions are recognized in accordance with IFRIC 23.

We assessed whether the UCB Group's disclosures about the sensitivity of the recognition of deferred tax assets to reasonably possible changes in key assumptions reflected the associated inherent risks and the disclosures in respect of tax and uncertain tax positions.

As a result of our work, we determined that management's conclusions on the recognition of deferred tax assets and its recoverability are appropriate. We also determined that the provisions for uncertain tax positions and the related disclosures are acceptable.

Ongoing litigation, claims and regulatory investigations (refer to Notes 3.28, 4.2.3, 34 and 43)

Description of the Key Audit Matter

The pharmaceutical industry is a highly regulated industry, which increases the inherent risk for litigation, claims and regulatory investigations. The UCB Group is engaged in a number of legal actions, including product liability, commercial litigation and regulatory investigations, which could have a material impact on the financial statements.

We focused on this area because the outcome of such legal actions is uncertain and the positions taken by the management are based on the application of material judgement and estimation. Accordingly, unexpected adverse outcomes of such legal actions could materially impact the Group's reported profits and statement of financial position position or future cash flows.

At December 31, 2020, the Group held provisions of € 245 million (December 31, 2019 – € 218 million) among others in respect of actual legal actions brought against the Group and disclosures have been made in Note 34 in relation to these provisions, as well as the disclosure of contingent liabilities in Note 43 relating to ongoing regulatory investigations or legal claims where the directors believe to have meritorious defences against the claims.

As disclosed in Notes 34 and 43, the Group is involved in several product liability cases related to the product Distilbène. In 2015, a provision was recognised for € 50 million representing the expected future cash flows exceeding the insurance coverage and is considered as a significant estimate. This provision amounted to € 112 million as at December 31, 2019 and was further increased to € 133 million as at December 31, 2020.

How our audit addressed the Key Audit Matter

We discussed actual or pending legal and regulatory claims with the Group's General Counsel to update our understanding of the status of each case.

We established our own expectation of the likely outcome and tested substantively the amount provided (e.g. Distilbène) by evaluating the assumptions used in measuring the provision by discussion and by reference to the actual (similar) court decisions, to available documentation such as correspondence with external legal counsels and by obtaining independent confirmations from the external legal counsels.

We considered the completeness of legal and regulatory matters through inquiry with the Group's General Counsel and by reading minutes of meetings of the executive committee and the board of directors, and did not identify any other legal matters that had not already been disclosed to us.

We evaluated the assumptions regarding the measurement of the provision related to the Distilbène product liability of € 133 million (December 31, 2019 – € 112 million) by reference to the actual court decisions for closed Distilbène cases and the effect of newly initiated cases in the course of 2020. We discussed with UCB's management and assessed the assumptions used.

Our testing did not identify any material misstatements in the provisions recorded. We found that in the context of the Group financial statements, the judgements made by management and the provisions recorded are reasonable and the disclosures relating to legal and regulatory matters, provisions and contingent liabilities in in Notes 34 and 43 were in accordance with the requirements of IFRSs as adopted by the European Union.

Ra Pharmaceuticals, Inc acquisition (refer to Note 8.1)

Description of the Key Audit Matter

On the April 2, 2020, UCB successfully completed the acquisition of Ra Pharmaceuticals, Inc. (Ra Pharma) that is now a wholly owned subsidiary of UCB. This acquisition resulted in a business combination under IFRS 3. Former Ra Pharma shareholders received US$ 48 in cash for each Ra Pharma share, resulting in a total cash consideration paid of € 2.095 million, or € 1.878 million, net of Ra Pharma cash (converted from US$ as at acquisition date).

The purchase price allocation (PPA) was completed by UCB with the support of management's expert. The main items resulting from the PPA, converted from USD as at acquisition date, comprised of the intangible asset *zilucoplan* (€ 2.273 million), a goodwill (€ 161 million), a deferred tax liability on the intangible asset, and deferred tax assets related to identified tax benefits flowing from the acquisition (resulting in a net deferred tax liability position of € 384 million).

We identified the Ra Pharmaceuticals Inc acquisition as a key audit matter because the fair value measurement of its goodwill, intangible assets and deferred taxes is based on significant judgements and estimates including projected cash flows, revenue growth, the success of *zilucoplan* launches in different indications, patent expiry dates, profit margins, and discount rate. Changes in these assumptions might lead to a change in the fair value of goodwill, intangible assets and deferred taxes.

How our audit addressed the Key Audit Matter

We have performed the following procedures over the acquisition:

- Identification and inspection of the key documents, terms and conditions of the transaction (due diligence reports, clinical trials results, agreements and contracts) and of the acquired company (historical financial statements, SEC filings, stock option plans, ...), including inquiries with the predecessor auditor;
- Audit procedures over the opening balance of Ra Pharma at the date of acquisition and its integration in UCB systems;
- Review of the hedging documentation in relation with the financing of the acquisition;
- Review of the IFRS accounting treatment of the acquisition in accordance with IFRS, and of related disclosures.

We obtained the UCB Group's PPA and tested the reasonableness of the valuation approaches and methods as well as the key assumptions, including profit and cash flow projections, the impact of the expiry of patents, pricing impacts, the probability of success

for the indications of *zilucoplan* and the selection of the discount rate. We have assessed management's substantiation of its assumptions, including comparing relevant assumptions to industry and economic forecasts. In doing this, we worked with our internal valuation specialists. We have evaluated the process to prepare the key forecast assumptions and assessed their reasonability.

We obtained and evaluated management's sensitivity analyses based on numerous drivers such as indications penetration, probability of success, pricing premiums, rebates and discounts, extended release formulations, incremental competitors, or timeline of launches.

We evaluated management's assumptions regarding the measurement rate of the deferred tax liability and assessed the recognition criteria of deferred tax assets in accordance with IFRS.

Based on the procedures performed, we consider management's judgements reasonable and did not identify any material misstatements. We also evaluated the appropriateness of the disclosures in Note 8.1 which we considered appropriate.

Responsibilities of the Board of Directors for the preparation of the consolidated accounts

The Board of Directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the board of directors'

use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the director's report on the consolidated accounts, the non-financial information and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report, and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, Section 2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts (UCB Group Integrated Annual Report 2020). This non-financial information contains the information required by virtue of article 3:32, §2 of the Companies' and Associations' Code, and agrees with the consolidated accounts for the same year. The Company has prepared the non-financial information, based on GRI standards. However, in accordance with article 3:80, Section 1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the GRI standards as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 24 February 2021
The Statutory Auditor

PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
Represented by
Romain Seffer, Registered Auditor

6. Abbreviated statutory financial statements of UCB SA

6.1 Introduction

In accordance with the Belgian Companies' Code, it has been decided to present an abbreviated version of the statutory financial statements of UCB SA.

The statutory financial statements of UCB SA are prepared in accordance with Belgian Generally Accepted Accounting Principles.

It should be noted that only the consolidated financial statements as presented above present a true and fair view of the financial position and performance of the UCB Group.

The statutory auditor has issued an unqualified audit opinion and certifies that the non-consolidated financial statements of UCB SA for the year ended December 31, 2020 give a true and fair view of the financial position and results of UCB SA in accordance with all legal and regulatory dispositions.

In accordance with the legislation, these separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders, as well as the auditor's report, will be filed at the National Bank of Belgium within the statutory periods.

These documents are available on our website www.ucb.com or on simple request, addressed to:

UCB SA
Corporate Communication
Allée de la Recherche 60
B-1070 Brussels (Belgium)

6.2 Statement of financial position

€ million	**2020**	2019
Assets		
Formation expenses	6	9
Intangible assets	1	1
Tangible assets	32	27
Financial assets	8 776	4 438
Fixed assets	**8 815**	**4 475**
Amounts receivable after more than one year	1 341	894
Amounts receivable within one year or less	637	1 248
Short-term investments	483	98
Cash at bank and on hand	16	21
Deferred charges and accrued income	98	132
Current assets	**2 576**	**2 393**
Total assets	**11 390**	**6 867**
Liabilities		
Capital	584	584
Share premium	2 000	1 999
Reserves	6 254	2 754
Profit brought forward	52	2
Equity	**8 889**	**5 339**
Provisions	26	41
Provisions and deferred taxes	**26**	**41**
Amounts payable after more than one year	1 392	894
Amounts payable within one year or less	983	552
Accrued charges and deferred income	101	41
Current liabilities	**2 475**	**1 487**
Total liabilities	**11 390**	**6 867**

6.3 Income statement

€ million	2020	2019
Operating income	113	70
Operating charges	-128	-119
Operating result	**-15**	**-49**
Financial income	3 894	379
Financial charges	-89	-87
Financial result	**3 805**	**292**
Profit before income taxes	**3 790**	**242**
Income taxes	0	0
Profit for the year available for appropriation	**3 790**	**242**

6.4 Appropriation account

€ million	2020	2019
Profit for the period available for appropriation	3 790	242
Profit brought forward from previous year	2	0
Profit to be appropriated	**3 792**	**242**
To legal reserve	0	0
To other reserves	0	0
Withdrawal from capital and reserves	**3 500**	**0**
From capital and share premium account	0	0
From reserves	**3 500**	0
Appropriation to capital and reserves	52	**0**
Profit to be carried forward	3	2
Result to be carried forward	**3**	**2**
Dividends	-240	-240
Profit to be distributed	**-240**	**-240**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	€ 1.27	€ 1.24
If the proposed allocation of profit is approved and taking into account the tax regulations, the total net dividend off withholding tax per share will be fixed at:	€ 0.889	€ 0.868

The activities of UCB SA generated in 2020 include € 3 792 million financial income stemming from financial fixed assets in affiliated enterprises. The net profit reaches € 3 790 million after income taxes. The amount available for distribution is € 3 792 million, including € 2 million profit brought forward from last year.

The issued share capital of UCB SA is represented by 194 505 658 shares without par value as per December 31, 2020.

Per December 31, 2020, UCB SA owns 5 480 222 own shares in order to honor the exercise of share options and share awards granted to the Board of Directors and certain categories of employees.

The Board of Directors proposes to pay a gross dividend of € 1.27 per share. If this dividend proposal is approved by the General Meeting on April 29, 2021, the net dividend of € 0.889 per share will be payable as of May 4, 2021 against the delivery of coupon #24. The shares held by UCB SA are not entitled to a dividend.

Per December 31, 2020, 189 025 436 UCB shares are entitled to a dividend, representing a total distribution of € 240 million. This amount may fluctuate depending on the number of UCB shares held by UCB SA on the dividend approval date. The Board of Directors will communicate at the general meeting the total number of UCB shares entitled to a dividend and will submit the aggregate amount to be distributed for approval. The annual accounts of 2020 will be adapted accordingly.

6.5 Summary of significant accounting principles

The Board of Directors made the following decisions in accordance with the Article 28 of the Royal Decree of January 30, 2001 on implementing the company code.

6.5.1 Tangible assets

Tangible assets purchased from third parties have been included in the statement of financial position at purchase price; assets manufactured by the company itself have been valued at cost. The purchase price or cost is depreciated on a straight-line basis considering *"pro rata temporis"*. The depreciation rates are as follows:

Administrative buildings	3%
Industrial buildings	5%
Tools	15%
Furniture and office machinery	15%
Vehicles	20%
Computer equipment and office machines	33.3%
Prototype equipment	33.3%

6.5.2 Financial assets

UCB shareholdings have been valued in accordance with the proportion held in shareholders' equity of the UCB companies concerned.

Shareholdings not part of the UCB companies are valued at cost. An impairment is booked whenever the valuation shows a permanent loss in realizable value.

6.5.3 Receivables and liabilities

They are shown at their book value. Receivables have been written down if their repayment, when due, is entirely or partly uncertain and doubtful.

6.5.4 Assets and commitments expressed in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions.

Non-monetary assets and liabilities (intangible and tangible assets, shareholdings), denominated in foreign currencies, are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at statement of financial position date rate. Realized and unrealized exchange differences on foreign currency transactions are recognized in the income statement.

6.5.5 Provisions

All the risks borne by the company have been the subject of provisions reviewed each year, in accordance with the rules of prudence, good faith and sincerity. Provisions are recorded at normal value.

6.5.6 Foreign currencies

Derivatives are accounted for at fair value through P&L unless the derivative has no offsetting exposure in the stand-alone financial statements, in which case, the derivative will only be disclosed as off-statement of financial position commitment not affecting the statement of financial position and/or income statement accounts. The amount disclosed as off statement of financial position commitment will be in line with the IFRS methodology. Additionally, the effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges are classified on the same line in the income statement or statement of financial position as the hedged item once the hedged item affects profit or loss or results in the recognition of a non-financial asset or liability.

6.5.7 Fair value adjustments on loans being acquired

Loans that have been acquired are recognized in the statement of financial position at nominal value. All differences between the nominal value and the acquisition value are recognized on an accrual account and taken in the income statement *pro rata temporis* on a linear basis over the remaining duration of the loans.

Data and reporting

People data

Patient value pillars

Patient Value Solutions	**7 596**
PV Early Solutions	723
PV Development Solutions	1 061
PV Immunology Solutions	1 262
PV Neurology Solutions	2 111
PV Supply and Technology Solutions	2 439
Patient Value Support Functions	**773**
PV Corporate Development and Finance	386
PV Legal and Risk	148
PV Talent and Company Reputation	227
CEO Office	**14**
Total	**8 371**

Permanent and fixed-term contracts by gender

	2020			2019		
	Women	**Men**	**Total**	Women	Men	Total
Fixed-term contract	248	204	452	243	203	446
Permanent contract	3 964	3 955	7 919	3 568	3 592	7 160
Total	**4 212**	**4 159**	**8 371**	**3 811**	**3 795**	**7 606**

Permanent and fixed-term contracts by region

	2020				2019			
	Europe	**Inter-national Markets**	**U.S.**	**Total**	Europe	Inter-national Markets	U.S.	Total
Fixed-term contract	98	354	-	**452**	101	345	–	446
Permanent contract	5 023	1 310	1 586	**7 919**	4 482	1 275	1 403	7 160
Total	**5 121**	**1 664**	**1 586**	**8 371**	**4 583**	**1 620**	**1 403**	**7 606**

Part-time and full-time contracts by gender

	2020			2019		
	Women	**Men**	**Total**	Women	Men	Total
Part-time contract	446	105	**551**	402	95	497
Full-time contract	3 766	4 054	**7 820**	3 409	3 700	7 109
Total	**4 212**	**4 159**	**8 371**	**3 811**	**3 795**	**7 606**

Employees by region and gender

	2020			2019		
	Women	**Men**	**Total**	Women	Men	Total
Europe	**2 559**	**2 562**	**5 121**	**2 268**	**2 315**	**4 583**
Belgium	1 189	1 406	**2 595**	1 059	1 259	2 318
Germany	291	184	**475**	267	175	442
U.K.	435	373	**808**	378	336	714
Switzerland	198	332	**530**	189	320	509
Rest of Europe	446	267	**713**	375	225	600
International Markets (IM)	**756**	**908**	**1 664**	**745**	**875**	**1 620**
China	273	188	**461**	264	183	447
Japan	116	405	**521**	104	365	469
Rest of IM	367	315	**682**	377	327	704
U.S.	**897**	**689**	**1 586**	**798**	**605**	**1 403**
Grand Total	**4 212**	**4 159**	**8 371**	**3 811**	**3 795**	**7 606**

Employees by subgroup and age group, women

	2020				2019			
	≤ 29y	**30-49y**	**≥ 50y**	**Total**	≤ 29y	30-49y	≥ 50y	Total
Administration/support	48	286	188	**522**	54	278	177	509
Executives	1	13	33	**47**	–	14	35	49
Managers/professionals	186	1,895	681	**2 762**	160	1 643	563	2 366
Sales force	53	516	230	**799**	54	556	194	804
Technical staff	18	50	14	**82**	23	47	13	83
Total	**306**	**2 760**	**1 146**	**4 212**	**291**	**2 538**	**982**	**3 811**

Employees by subgroup and age group, men

	2020				2019			
	≤ 29y	**30-49y**	**≥ 50y**	**Total**	≤ 29y	30-49y	≥ 50y	Total
Administration/support	53	175	109	**337**	42	158	106	306
Executives		32	61	**93**	–	38	63	101
Managers/professionals	107	1,611	800	**2 518**	91	1 445	675	2 211
Sales force	70	511	267	**848**	52	538	234	824
Technical staff	30	251	82	**363**	31	244	78	353
Total	**260**	**2 580**	**1 319**	**4 159**	**216**	**2 423**	**1 156**	**3 795**

New hires by region

	2020	2019
Europe	**825**	**569**
Belgium	395	279
Germany	61	44
U.K.	159	130
Switzerland	57	55
Rest of Europe	153	61
International Markets (IM)	**282**	**261**
China	118	75
Japan	93	106
Rest of IM	71	80
U.S.	**329**	**239**
Grand Total	**1 436**	**1 069**

New hires by region and age group, women

	2020				2019			
	≤ 29y	30-49y	≥ 50y	Total	≤ 29y	30-49y	≥ 50y	Total
Europe	**68**	**297**	**72**	**437**	**70**	**198**	**35**	**303**
Belgium	36	131	18	**185**	36	86	16	138
Germany	1	26	12	**39**	2	21	2	25
U.K.	15	62	16	**93**	21	44	7	72
Switzerland	9	14		**23**	6	15	2	23
Rest of Europe	7	64	26	**97**	5	32	8	45
International Markets (IM)	**43**	**82**	**9**	**134**	**25**	**93**	**9**	**127**
China	37	28	1	**66**	9	38	–	47
Japan	1	18	5	**24**	5	12	5	22
Rest of IM	5	36	3	**44**	11	43	4	58
U.S.	**16**	**117**	**49**	**182**	**9**	**102**	**35**	**146**
Grand Total	**127**	**496**	**130**	**753**	**104**	**393**	**79**	**576**

New hires by region and age group, men

	2020				2019			
	≤ 29y	30-49y	≥ 50y	Total	≤ 29y	30-49y	≥ 50y	Total
Europe	**60**	**265**	**63**	**388**	**62**	**179**	**25**	**266**
Belgium	43	145	22	**210**	36	96	9	141
Germany	1	11	10	**22**	4	13	2	19
U.K.	8	44	14	**66**	13	37	8	58
Switzerland	5	25	4	**34**	9	20	3	32
Rest of Europe	3	40	13	**56**	–	13	3	16
International Markets (IM)	**44**	**84**	**20**	**148**	**17**	**105**	**12**	**134**
China	39	12	1	**52**	10	18	–	28
Japan	4	51	14	**69**	4	70	10	84
Rest of IM	1	21	5	**27**	3	17	2	22
U.S.	**10**	**96**	**41**	**147**	**8**	**62**	**23**	**93**
Grand Total	**114**	**445**	**124**	**683**	**87**	**346**	**60**	**493**

Departures by region

	2020	2019
Europe	**272**	**350**
Belgium	118	147
Germany	19	46
U.K.	58	59
Switzerland	34	46
Rest of Europe	43	52
International Markets (IM)	**230**	**440**
China	104	273
Japan	35	47
Rest of IM	91	120
U.S.	**145**	**154**
Grand Total	**647**	**944**

Departures by region and age group, women

	2020				2019			
	≤ 29y	**30-49y**	**≥ 50y**	**Total**	≤ 29y	30-49y	≥ 50y	Total
Europe	**16**	**75**	**45**	**136**	**20**	**98**	**41**	**159**
Belgium	6	27	24	**57**	7	41	17	65
Germany		3	5	**8**	2	14	9	25
U.K.	4	20	6	**30**	3	17	4	24
Switzerland	5	8		**13**	7	6	3	16
Rest of Europe	1	17	10	**28**	1	20	8	29
International Markets (IM)	**17**	**92**	**8**	**117**	**42**	**182**	**14**	**238**
China	11	44	3	**58**	37	114	2	153
Japan		7		**7**	2	10	2	14
Rest of IM	6	41	5	**52**	3	58	10	71
U.S.	**4**	**46**	**32**	**82**	**4**	**36**	**21**	**61**
Grand Total	**37**	**213**	**85**	**335**	**66**	**316**	**76**	**458**

Departures by region and age group, men

	2020				2019			
	≤ 29y	**30-49y**	**≥ 50y**	**Total**	≤ 29y	30-49y	≥ 50y	Total
Europe	**9**	**84**	**43**	**136**	**14**	**108**	**69**	**191**
Belgium	3	33	25	**61**	6	40	36	82
Germany		5	6	**11**	1	10	10	21
U.K.	3	18	7	**28**	3	25	7	35
Switzerland	3	18		**21**	3	22	5	30
Rest of Europe		10	5	**15**	1	11	11	23
International Markets (IM)	**14**	**82**	**17**	**113**	**24**	**154**	**24**	**202**
China	11	34	1	**46**	21	97	2	120
Japan	2	17	9	**28**	–	20	13	33
Rest of IM	1	31	7	**39**	3	37	9	49
U.S.	**5**	**30**	**28**	**63**	**5**	**51**	**37**	**93**
Grand Total	**28**	**196**	**88**	**312**	**43**	**313**	**130**	**486**

Turnover

	2020	
	Voluntary	**Involuntary**
Administration/support staff	2.92	2.36
Executives	6.29	8.18
Managers/professionals	5.73	1.61
Sales force	7.14	4.96
Technical staff	4.65	1.69
Total turnover rate	**5.69**	**2.49**

Mandatory trainings compliance rate

	Code of Conduct	Safety Reporting Obligations	Data Protection at UCB	Malware Awareness	Phishing Awareness	Anti-Bribery and Anti-Corruption
Audience	All employees	All employees	All employees	All employees	All employees	Selected employees
Frequency	Every year	Every 2 years	Every 2 years	Every 2 years	Every 2 years	Every 2 years
Compliance rate 2020	**95%**	**95%**	**97%**	**100%**	**100%**	**97%**
Compliance rate 2019	96%	95%	92%	96%	96%	97%

Environmental data

Environment footprint progress

	2015 (bench-mark year)	2018	2019	**2020**	Variance 2020/2015
Scope covered (% employees)	86%	90%	89%	88%	2%
Energy (MegaJoules)	**1 137 502**	**1 061 723**	**1 018 240**	**916 421**	**-19%**
Electricity from renewable sources	59%	92%	94%	95%	46%
CO_2 emissions (tons)	**170 172**	**132 398**	**123 315**	**68 532**	**-60%**
Scope 1 – Direct CO_2 emissions	56 353	41 571	40 312	30 647	-46%
Scope 2 – Indirect CO_2 emissions (market-based)	28 108	5 818	3 655	3 167	-89%
Scope 2 – Indirect CO_2 emissions (location-based)		20 703	18 414	18 345	NA
Scope 3 – Other indirect greenhouse gas (GHG) emissions	85 711	85 009	79 348	34 718	-60%
Water (m^3)	**804 360**	**799 469**	**590 867**	**559 670**	**-30%**
Waste (tons)	**9 745**	**6 970**	**6 605**	**6 014**	**-38%**
Waste recovered	95%	92%	91%	96%	1%

Energy consumption

GRI indicator		Definition	Unit of measure	2015 (benchmark year)	**2020 Actual**	Variance (%)
302-1	**Total**	Total energy consumption	GigaJoules	1 137 502	**916 421**	-19%
	Gas	Gas consumption	GigaJoules	652 584	**426 094**	-35%
	Fuel Oil	Fuel oil consumption	GigaJoules	12 956	**13 600**	5%
	Fuel Vehicles	Utility vehicle fuel consumption	GigaJoules	158	**138**	-13%
		Car fleet fuel consumption	GigaJoules	293 152	**169 789**	-43%
	Electricity	Electricity consumption	GigaJoules	471 804	**306 800**	-35%
302-4	**Energy Saved**	Energy saved due to consideration & efficiency improvements	GigaJoules	6 743	**20 984**	311%

Carbon footprint

GRI Indicator		Definition	Unit of measure	2015 (benchmark year)	**2020 Actual**	Variance (%)
305-1	**Direct CO_2 emissions – scope 1**	Electricity	Ton CO_2	0	**0**	N/A
		Gas	Ton CO_2	36 610	**19 717**	-46%
		Fuel	Ton CO_2	973	**844**	-13%
		Car fleet		18 770	**10 086**	-46%
305-2	**Indirect CO_2 emissions – scope 2**	Electricity (market based)	Ton CO_2	28 108	**3 167**	-89%
		Electricity (location based)	Ton CO_2	N/A	**18 345**	N/A
		Gas	Ton CO_2	0	**0**	N/A
		Fuel	Ton CO_2	0	**0**	N/A
305-3	**Other indirect GHG emissions – scope 3**	Business Air Travel	Ton CO_2	46 734	**5 909**	-87%
		Global Supply Chain	Ton CO_2	23 319	**20 299**	-13%
		Energy and Fuel related activities	Ton CO_2	15 658	**8 510**	-46%

Water consumption

GRI Indicator		Definition		Unit of measure	2015 (bench-mark year) All areas	**2020 Actual** **All areas**	**2020 Actual** **Areas with water stress**	Variance (%) All areas
303-3	**Water**	**Total water**		**m^3**	**804 360**	**559 670**	**314 130**	**-30%**
			Fresh water	m^3	NA	559 670	314 130	NA
			Other water	m^3	NA	0	0	NA
		Surface water		**m^3**	**110 643**	**15 390**	**0**	**-86%**
			Fresh water	m^3	NA	15 390	0	NA
			Other water	m^3	NA	0	0	NA
		Ground water		**m^3**	**69 290**	**70 882**	**70 882**	**2%**
			Fresh water	m^3	NA	70 882	70 882	NA
			Other water	m^3	NA	0	0	NA
		Third party water		**m^3**	**624 427**	**473 398**	**243 248**	**-24%**
			Fresh water	m^3	NA	473 398	243 248	NA
			Other water	m^3	NA	0	0	NA

Waste production

GRI Indicator		Definition	Unit of measure	2015 (benchmark year)	**2020 Actual**	Variance (%)
306-2	**Waste disposal**	Total waste	Tons	9 745	**6 014**	-38%
		Total waste not recovered	Tons	520	**268**	-48%
		Total waste recovered	Tons	9 255	**5 746**	-38%
		Subtotals	Tons			
		Subtotal waste used principally as a fuel or other means to generate energy (EU waste recovery code R1)	Tons	2 919	**1 821**	-38%
		Subtotal waste recovered through solvent reclamation or regeneration (EU waste recovery code R2)	Tons	2 839	**2 066**	-27%
		Subtotal waste recovered through recycling/reclamation of organic substances which are not used as solvents (EU waste recovery code R3)	Tons	1 604	**1 160**	-28%
		Subtotal waste recovered through recycling/reclamation of inorganic materials other than metals (EU waste recovery R5)	Tons	1 790	**485**	-73%
		Subtotal waste recovery by other methods (EU waste recovery R4, R6 & R9)	Tons	74	**213**	289%
306-3	**Total number and volume of significant spills**	Number		0	**0**	N/A
		Volume	Tons	0	**0**	N/A
306-4	**Hazardous waste**	Hazardous waste as defined by locally applicable regulations	Tons	6 455	**3 691**	-43%
	Non-hazardous waste	Other solid waste (excluding emissions and effluents)	Tons	3 291	**2 323**	-29%

GRI Standards

Organization Profile

Disclosure		External Assurance		Report Reference	SDG
102-01	Name of the organization	•		Scope of Reporting	
102-02	Activities, brands, products, and services	•		Our purpose Disease areas and solutions	3
102-03	Location of headquarters	•		Who we are	
102-04	Location of operations	•	β	Where we are	
102-05	Ownership and legal form	•		Capital and shares Shareholders and shareholders structure	
102-06	Markets served	•	β	Who we are	
102-07	**Scale of the organization**				8
	Total number of employees	•	β	Stronger together, stronger than ever	
	Total number of operations	•	β	Who we are	
	Net sales (for private sector organizations) or net revenues (for public sector organizations)	•	β	Our performance	
	Total capitalization (for private sector organizations) broken down in terms of debt and equity	•	β	Financials	
	Quantity of products or services provided.	•		Letter to our stakeholders Disease areas and solutions	
102-08	**Information on employees and other workers**				8
	Total number of employees by employment contract (permanent and temporary), by gender	•	β	People data	
	Total number of employees by employment contract (permanent and temporary), by region	•	β	People data	
	Total number of employees by employment type (fulltime and parttime), by gender	•	β	People data	
	Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	•	β	People data Where we are	
	Any significant variations in the numbers reported in Disclosures a, b, and c (such as seasonal variations in the tourism or agricultural industries).	•		No significant variations	
	An explanation of how the data have been compiled, including any assumptions made	•	β	Who we are	3
102-09	Supply chain	•		Securing supply chains	9 12 17
102-10	Significant changes to the organization and its supply chain	•		Securing supply chains	
102-11	Precautionary Principle or approach	•		Risk Management	

Organization Profile

102-12	External initiatives	•		Collaborating for better care COVID-19 collaborations	3 17
102-13	Membership of associations	•		Collaborating for better care	3 17

Strategy

Disclosure		External Assurance		Report Reference	SDG
102-14	Statement from senior decisionmaker	•		Letter to our stakeholders	
102-15	Key impacts, risks, and opportunities	•		Risk Management	

Ethics and Integrity

Disclosure		External Assurance		Report Reference	SDG
102-16	Values, principles, standards, and norms of behavior	•	β	How we work Business conduct	16
102-17	Mechanisms for advice and concerns about ethics	•		Promoting and embracing ethical behaviors	16

Governance

Disclosure		External Assurance		Report Reference	SDG
102-18	Governance structure	•	β	Our Governance Board of Directors and Board committees	
102-20	Executive level responsibility for economic, environmental, and social topics	•		Sustainability is our business approach Board of Directors and Board committees Executive Committee	16
102-21	Consulting stakeholders on economic, environmental, and social topics	•		Our 2019 Materiality Assessment Sustainability is our business approach	16
102-22	Composition of the highest governance body and its committees	•		Board of Directors and Board committees	5 16
102-23	Chair of the highest governance body	•		Board of Directors and Board committees	16

Governance

102-24	Nominating and selecting the highest governance body	◖		Board of Directors and Board committees	16
102-26	Role of highest governance body in setting purpose, values, and strategy	◖		Executive Committee	
102-30	Effectiveness of risk management processes	●		Risk Management	
102-32	Highest governance body's role in sustainability reporting	●		Sustainability is our business approach	
102-35	Remuneration policies	◖		Remuneration report	
102-40	List of stakeholder groups	●		Sustainability is our business approach Collaborating for better care Our 2019 Materiality Assessment	
102-41	Collective bargaining agreements	◖		Collective bargaining agreements are country-specific	

Stakeholder Engagement

Disclosure		External Assurance		Report Reference	SDG
102-42	Identifying and selecting stakeholders	●		Sustainability is our business approach Collaborating for better care Our 2019 Materiality Assessment	
102-43	Approach to stakeholder engagement	●		Sustainability is our business approach Collaborating for better care Our 2019 Materiality Assessment	
102-44	Key topics and concerns raised	●		Sustainability is our business approach Collaborating for better care Our 2019 Materiality Assessment	

Reporting Principles

Disclosure		External Assurance		Report Reference	SDG
102-45	Entities included in the consolidated financial statements	●		Financials	
102-46	Defining report content and topic Boundaries	●		Sustainability is our business approach Our 2019 Materiality Assessment	
102-47	List of material topics	●		Sustainability is our business approach	
102-48	Restatements of information (ie organizational model)	●		Innovating with patients with severe diseases	
102-49	Changes in reporting	●		No changes in material topics	
102-50	Reporting period	●	β	Our performance	
102-51	Date of most recent report	●	β	Our performance	
102-52	Reporting cycle	●	β	Our performance	

Reporting Principles

102-53	Contact point for questions regarding the report	●	β	Contact details	
102-54	Claims of reporting in accordance with the GRI Standards	●	β	About this report	
102-55	GRI content index	●	β	GRI standards	
102-56	External assurance	●	β	Assurance report	

Economic Performance

Disclosure		External Assurance		Report Reference	SDG
GRI 201: Economic performance					
201-01	Direct economic value generated and distributed	●	β	Financials	8
201-03	Defined benefit plan obligations and other retirement plans	●	β	Financials	8, 10
GRI 202: Market Presence					
202-02	Proportion of senior management hired from the local community	●		Diversity, equity and inclusion	
GRI 205: Anti-corruption					
205-01	Operations assessed for risks related to corruption	◖		Anti-Bribery and Anti-Corruption (ABAC)	16
205-02	Communication and training about anti-corruption policies and procedures				
	Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region.	◖		No disclosure	
	Total number and percentage of employees that the organization's anticorruption policies and procedures have been communicated to, broken down by employee category and region.			No disclosure	
	Total number and percentage of business partners that the organization's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anticorruption policies and procedures have been communicated to any other persons or organizations			No disclosure	16
	Total number and percentage of governance body members that have received training on anticorruption, broken down by region			No disclosure	
	Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region	◖	β	Anti-Bribery and Anti-Corruption (ABAC)	
205-03	Confirmed incidents of corruption and actions taken	◖		Anti-Bribery and Anti-Corruption (ABAC)	16

Environmental

Disclosure		External Assurance		Report Reference	SDG
GRI 302: Energy					
103-1	Explanation of the material topic and its Boundary	•		Caring for the Planet Becoming more energy efficient	
103-2	The management approach and its components	•		Caring for the Planet Becoming more energy efficient	
103-3	Evaluation of the management approach	•		Caring for the Planet Becoming more energy efficient	
302-1	Energy consumption within the organization	•	β	Caring for the Planet Becoming more energy efficient	
302-4	Reduction of energy consumption	•		Caring for the Planet Becoming more energy efficient	
GRI 303: Water and effluents					
103-1	Explanation of the material topic and its Boundary	•		Caring for the Planet Reducing our water withdrawal	
103-2	The management approach and its components	•		Caring for the Planet Reducing our water withdrawal	
103-3	Evaluation of the management approach	•		Caring for the Planet Reducing our water withdrawal	
303-1	Interactions with water as a shared resource	•		Caring for the Planet Reducing our water withdrawal	
303-3	Water withdrawal	•	β	Caring for the Planet Reducing our water withdrawal	
GRI 305: Emissions					
103-1	Explanation of the material topic and its Boundary	•		Caring for the Planet Carbon neutral by 2030	

Environmental

103-2	The management approach and its components	●		Caring for the Planet Carbon neutral by 2030	
103-3	Evaluation of the management approach	●		Caring for the Planet Carbon neutral by 2030	
305-1	Direct (Scope 1) GHG emissions	●	β	Carbon neutral by 2030	
305-2	Energy indirect (Scope 2) GHG emissions	●	β	Carbon neutral by 2030	
305-3	Other indirect (Scope 3) GHG emissions	◖		Carbon neutral by 2030	
GRI 306: Effluents and waste					
103-1	Explanation of the material topic and its Boundary	●		Caring for the Planet Reducing our waste generation	
103-2	The management approach and its components	●		Caring for the Planet Reducing our waste generation	
103-3	Evaluation of the management approach	●		Caring for the Planet Reducing our waste generation	
306-2	Waste by type and disposal method	●	β	Environmental data	
306-3	Significant spills	●	β	Environmental data	

Environmental

306-4	Transport of hazardous waste	●	β	Environmental data	3, 12

Social

Disclosure		External Assurance		Report Reference	SDG
GRI 401: Employment					
401-1	New employee hires and employee turnover	●	β	People data Learning and development Where we are	5, 8
GRI 403: Occupational health and safety					
403-1	Occupational health and safety management system	●		Health, safety and wellbeing	3, 8
403-2	Hazard identification, risk assessment, and incident investigation	●		Health, safety and wellbeing	3, 8
403-3	Occupational health services	●		Health, safety and wellbeing	3, 8
403-4	Worker participation, consultation, and communication on occupational health and safety	●		Health, safety and wellbeing	3, 8
403-5	Worker training on occupational health and safety	◖		Health, safety and wellbeing	3, 8
403-6	Promotion of worker health	◖		Health, safety and wellbeing	3, 8
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	◖		Health, safety and wellbeing	3, 8
403-8	Workers covered by an occupational health and safety management system	●		Health, safety and wellbeing	3, 8
403-9	Work-related injuries	●		Health, safety and wellbeing	3, 8

Social

GRI 404: Training and education					
404-3	Percentage of employees receiving regular performance and career development reviews	◖		Learning and development Where we are	5 8
GRI 405: Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	•	β	Diversity, equity and inclusion Our Governance	5 8 10
GRI 408: Child labor					
408-1	Operations and suppliers at significant risk for incidents of child labor	◖		Human rights	8
GRI 412: Human rights assessment					
412-2	Employee training on human rights policies or procedures	◖		Responsible Business Conduct People data	8
	Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations			No disclosure.	8
	Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations	•	β	Responsible Business Conduct People data	8
GRI 413: Local communities					
413-1	Operations with local community engagement, impact assessments, and development programs	•		Caring for Communities	3 5 8 10 16 17
GRI 416: Customer health and safety					
416-1	Assessment of the health and safety impacts of product and service categories	•		Patient and drug safety	3
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	•		Patient and drug safety	3 16

Social

GRI 417: Marketing and labeling					
417-1	Requirements for product and service information and labeling	◖		Product responsibility	16
GRI 418: Customer privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●		Top risks in 2020	
GRI 501: Employee engagement					
501-1	Percentage of colleagues engaging in UCB Voices	●		Integrating employees' insights	
501-2	Percentage of colleagues completing the mandatory training programs	●		People data	4 16
GRI 601: Innovation					
103-1	Explanation of the material topic and its Boundary	●		Innovating for patients with severe diseases	
103-2	The management approach and its components	●		Innovating for patients with severe diseases	
103-3	Evaluation of the management approach	●		Innovating for patients with severe diseases	
601-1	Percentage of the revenue invested in R&D	●		Our performance	3
601-2	Number of assets in Pipeline (FIH, Label)	●		Our performance Our pipeline	3 17
GRI 701: Access to Medicines					
103-1	Explanation of the material topic and its Boundary	●		Providing access to our solutions	
103-2	The management approach and its components	●		Providing access to our solutions	
103-3	Evaluation of the management approach	●		Providing access to our solutions	
701-1	Access performance	●		Our performance Providing access to our solutions	3
GRI 801: Health and well-being 2019					
103-1	Explanation of the material topic and its Boundary	●		Health, safety and wellbeing	
103-2	The management approach and its components	●		Health, safety and wellbeing	
103-3	Evaluation of the management approach	●		Health, safety and wellbeing	
801-1	Health and well-being index	●		Our performance Health, safety and wellbeing	3 8

Independent limited assurance report on the UCB integrated report 2020

This report has been prepared in accordance with the terms of our three year engagement contract dated 22 October 2018, whereby we have been engaged to issue an independent limited assurance report in connection with selected ESG data, marked with a Greek small letter beta (ß), of the Integrated Report as of and for the year ended 31 December 2020 (the "Report").

The Directors' Responsibility

The Directors of UCB SA ("the Company") are responsible for the preparation and presentation of the selected ESG indicators for the year 2020 marked with a Greek small letter beta (ß) in the Report of UCB and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report and with the recommendations of the GRI Standards (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable- assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected ESG indicators for the year 2020 marked with a Greek small letter beta (ß) in the Report of UCB and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core (the "Subject Matter Information"). Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected ESG indicators for the year 2020 marked with a Greek small letter beta (ß) in UCB's Integrated Report 2020, and UCB's assertion that the report meets the requirement GRI Standards – Core, do not comply, in all material respects, with the Criteria.

Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 24 February 2021

PwC Bedrijfsrevisoren BV
Represented by

Marc Daelman
Registered auditor

Glossary of terms

Adjusted (recurring) EBIT
Operating profit adjusted for impairment charges, restructuring expenses, and other income and expenses.

Adjusted (recurring) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges)
Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other income and expenses.

ALM
Asset-liability matching

CER
Constant exchange rates

Core EPS/Core earnings per share
Profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-off items, the non-recurring income taxes, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, divided by the non-dilutive weighted average number of shares.

Core products
Cimzia®, Vimpat®, Keppra®, Briviact® and Neupro®

CGU
Cash generating unit

CPM
The Corporate Performance Multiplier is one of the 2 multipliers defining the bonus payout. It is based on the company's meeting corporate targets.

DTA
Deferred tax asset

EBIT/Earnings Before Interest and Taxes
Operating profit as mentioned in the consolidated financial statements

EMA/European Medicines Agency
Agency responsible for the evaluation of medicinal products designed to protect and promote human and animal health. www.emea.europa.eu

EPS
Earnings per share

Established brands
Portfolio of 150 post-patent, high-quality medicines, with proven value for patients and doctors since many years

Extra-financial
'Extra-financial' is the term used by UCB for information commonly referred to as 'non-financial'

FDA/U.S. Food and Drug Administration
Agency within the U.S. Department of Health and Human Services is responsible for protecting and promoting the nation's health www.fda.gov

FVOCI
Fair value through other comprehensive income

Financial assets at FVPL
Financial assets to be measured subsequently at fair value through profit or loss

Financial assets at FVOCI
Financial assets to be measured subsequently at fair value through other comprehensive income

Financial one-off items
Gains and losses arising upon the sale of non-current financial assets (other than derivatives and reimbursement rights with respect to defined benefit plans) as well as impairment losses accounted for on these financial assets are considered as financial one-off items.

FRMC
Financial Risk Management Committee

Global Reporting Initiative
An international independent standards organization that helps businesses, governments and other organizations to understand and report the most important social, environmental and governance aspects raised by internal and external stakeholders

IPM
Individual Performance Multiplier, one of the 2 multipliers defining the bonus payout. It considers a combination of individual results achieved and behaviors demonstrated.

KU
Kremers Urban, specialty generic pharmaceutical company in the U.S., divested in November 2015

LTI
Long-Term Incentives aim at motivating and retaining key talent over a period of at least 3 years. They align employee rewards with company and patient goals, providing increased financial benefits as the company grows. At UCB, this includes Stock Awards, Stock Options and Performance Shares.

NCI
Non-controlling interest

Net dividend
The amount a shareholder of UCB will receive after principal deduction of Belgian withholding tax, which is currently 30%. Lower withholding tax rates may be applicable for certain categories of investors.

Net financial debt
Non-current and current borrowings, bonds and bank overdrafts less available for sale debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents

OCI
Other comprehensive income

PBM
Pharmacy Benefit Manager

PGTCS
Primary generalized tonic-clonic seizures
PMDA/Pharmaceuticals and Medical Devices Agency
Japanese regulatory agency in charge of protecting the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices. http://www.pmda.go.jp/english

POS
Partial onset seizures, also known as focal seizures

PSP
Performance Share Plan which awards a grant of UCB common stock to qualifying executives. The awards vest three years after grant, pending certain conditions, including meeting pre-established companywide targets.

ROU asset
right of use asset

SBTi – Science Based Targets initiative
The Science Based Targets initiative (SBTi) is a joint initiative by the United Nations, the Carbon Disclosure Project, the World Resources Institute and the World Wide Fund for Nature (WWF). It supports organizations with setting climate targets in line with the COP21 climate summit in Paris.

Sustainable Development Goals
Collection of 17 global goals set by the United Nations General Assembly in 2015 defined as a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity

Weighted average number of ordinary shares
Number of ordinary shares outstanding at the beginning of a given period, adjusted by the number of shares bought back or issued during the period, multiplied by a time-weighting factor

Working capital
Includes inventories, trade and other receivables and trade and other payables, both due within and after 12 months.

Forward Looking Statement Integrated Annual Report

This Integrated Annual Report contains forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", "continue" and similar expressions. These forward-looking statements are based on current plans, estimates and beliefs of management. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, arbitration, political, regulatory or clinical results or practices and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions which might cause the actual results, financial condition, performance or achievements of UCB, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements contained in this Integrated Annual Report.

Important factors that could result in such differences include but are not limited to: the global spread and impact of COVID-19, changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms or within expected timing, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, product liability claims, challenges to patent protection for products or product candidates, competition from other products including biosimilars, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws, and hiring and retention of its employees. There is no guarantee that new product candidates will be discovered or identified in the pipeline, or that new indications for existing products will be developed and approved. Movement from concept to commercial product is uncertain; preclinical results do not guarantee safety and efficacy of product candidates in humans. So far, the complexity of the human body cannot be reproduced in computer models, cell culture systems or animal models. The length of the timing to complete clinical trials and to get regulatory approval for product marketing has varied in the past and UCB expects similar unpredictability going forward. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to disputes between the partners or may prove to be not as safe, effective or commercially successful as UCB may have believed at the start of such partnership. UCB's efforts to acquire other products or companies and to integrate the operations of such acquired companies may not be as successful as UCB may have believed at the moment of acquisition. Also, UCB or others could discover safety, side effects or manufacturing problems with its products and/or devices after they are marketed. The discovery of significant problems with a product similar to one of UCB's products that implicate an entire class of products may have a material adverse effect on sales of the entire class of affected products. Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment, including pricing pressure, political and public scrutiny, customer and prescriber patterns or practices, and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement activities and outcomes. There can be no guarantee that the investigational or approved products potentially described in this Integrated Annual Report will be submitted or approved for sale or for any additional indications or labelling in any market, or at any particular time, nor can there be any guarantee that such products will be or will continue to be commercially successful in the future. Finally, a breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of UCB's data and systems.

Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Integrated Annual Report, and do not reflect any potential impacts from the evolving COVID-19 pandemic, unless indicated otherwise. UCB continues to follow the development diligently to assess the financial significance of this pandemic to UCB.
Information contained in this Integrated Annual Report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

UCB expressly disclaims any obligation to update any forward-looking statements in this Integrated Annual Report, either to confirm the actual results or to report or reflect any change in its forward-looking statements with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

Report language

Pursuant to Belgian Law, UCB is required to prepare its integrated annual report in French and Dutch. UCB has also made this report available in English

Availability of the Integrated Annual Report

The integrated annual report is available on the investor website of UCB (https://www.ucb.com/investors). Other information on the website of UCB or on any other website, does not form part of this integrated annual report

Financial calendar

- 29 April 2021 – Annual general meeting
- 29 July 2021 – 2021 half-year financial results

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