



UCB Corporate Governance Charter

1 January 2020



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

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1. Introduction

This Corporate Governance Charter has been established by the Board of Directors (hereafter “**the Board**”) of UCB SA/NV (hereafter “**UCB**”). It defines the system of checks and balances between the shareholders and investors, the Board and the management to shape an efficiently functioning company, ideally geared to produce long-term sustainable value for all the company’s stakeholders. The principles adopted in this Charter reflect UCB’s core values. Because they are so central to its mission, these values are highly integrated into UCB’s operations and are given heavy weight in its Corporate Governance. The principles adopted in this Charter further support UCB’s visions and objectives and aim at improving its corporate transparency and disclosure. The Board is convinced that adhering to the highest Corporate Governance standards shows its commitment to maximizing value for all Company’s shareholders and other stakeholders.

Pursuant to article 3:6, §2, 1° of the Belgian Code of Companies and Associations (hereafter “**the BCCA**”), Belgian listed companies are required to designate the 2020 edition of the Belgian Code of Corporate Governance, (hereafter “**the 2020 Code**”) as their reference code as from 1 January 2020¹. The 2020 Code is replacing its previous edition of 2009. As a Belgian listed company, UCB is therefore applying the 2020 Code as of 1 January 2020 as its reference code, also taking into account the specific international aspects of UCB. As part of these rules, UCB, has adopted a Code of Conduct and a Dealing Code. The 2020 Code is based on the “comply or explain” principle: The Company is expected to comply with its provisions, unless it provides an adequate explanation for deviating from said provisions.

This Corporate Governance Charter aims at providing a comprehensive and transparent disclosure of UCB’s governance. It is posted on the UCB website (www.ucb.com) and will be continuously updated as required.

In addition, UCB will provide in its Annual Report a Corporate Governance Statement, which will give the information as requested by the BCCA and the 2020 Code. This Statement will among others include the Remuneration Report and give the factual information with respect to UCB’s Corporate Governance and explain how the 2020 Code has been applied during the relevant reporting year and, as the case may be, which provision of the 2020 Code have not been complied with. The Statement should also include any material amendments made to the Corporate Governance Charter. When the Corporate Governance Statement is presented to the General Meeting of Shareholders, the Board will endeavor to ensure that shareholders carefully consider the explanation given for deviation from the 2020 Code.

1.1. UCB ambition and values

1.1.1. Purpose

Our purpose is to 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 the communities where we operate, and for society. With more than 90 years behind us, we are looking to the future.

1.1.2. Our Ambition for Patients

We have a fundamental commitment to people living with severe diseases, their caregivers and their families to allow them 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

¹ The 2020 Belgian Code of Corporate Governance (third edition) published in May 2019, is available on the website of the Belgian Corporate Governance Committee.

means ensuring access for all who need these solutions, in a way which is viable for patients, society and UCB. Our commitments to key stakeholders

We believe that to fulfil our ambition for patients we must create the right conditions for our employees, the communities in which we operate, and our shareholders. We cannot do this alone and we embrace partnerships with other healthcare system stakeholders.

We commit to helping our employees live a fulfilled life – from allowing them to grow and cultivate careers that give them a sense of meaning - to compensating and treating them fairly. We believe that we can have a positive impact by offering our employees access to comprehensive support for well-being and health.

We respect the communities in which we operate. For UCB, human health is at the core of our business and it is intrinsically linked to the health of our planet. We take action to minimize our environmental footprint in the locations we have a local presence and globally.

We are committed to creating value for our shareholders - who invest in UCB in exchange for competitive return and a positive impact on patients and society.

1.2. Brief presentation of UCB

UCB SA/NV is a Belgian company, with registered offices in 1070 Brussels, Allée de la Recherche 60, registered under N° 0403.053.608. The Company is listed on Euronext Brussels and is a BEL 20 company.

The Company's Articles of Association are available for consultation on UCB's website (www.ucb.com).

UCB SA/NV is the parent company of the UCB Group. Prior to 2004, UCB was a chemical specialty and pharmaceutical group. Since the friendly takeover in July 2004 of the British company Celltech Group PLC, and in September 2006 of the German company Schwarz Pharma AG, and the divestment of its "Surface Specialties" activities finalized on 1 March 2005, UCB has become a global biopharmaceutical leader specializing in the fields of central nervous system and immunology disorders.

The Company has opted for a one-tier structure. The Company is administered by a Board of Directors and run by an Executive Committee, whose respective functions and responsibilities are clearly defined in this Charter and in accordance with the Articles of Association of the Company.

2. UCB shares and shareholders

2.1. Capital and Shares

2.1.1. Capital

- 2.1.1.1. Since **13 March 2014** UCB's capital amounts to € 583,516,974 divided in 194,505,658 ordinary shares with no nominal value.
- 2.1.1.2. Share capital may be increased following a decision by the General Meeting of Shareholders or following a decision by the Board in the framework of the authorized capital.
- 2.1.1.3. Currently, there are no subscription rights (warrants) or convertible bonds outstanding. Since 2001, annual stock option plans have taken the form of awarding options on existing shares. The exercise of these options does not affect the issued capital of UCB; each year the annual report discloses the number of options exercised and the number of options outstanding under these plans.

2.1.2. Shares

- 2.1.2.1. The share capital of UCB is represented by 194.505.658 shares. Shares are registered or dematerialized, at the request of the shareholder, according to the law. Until they are fully paid up, shares are registered, and may only be transferred after prior agreement by the Board. Registered shares are recorded in a special register.

Pursuant to the Belgian Law of 14 December 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialized securities as from 1 January 2014 and their complete abolishment at the end of 2015 when UCB had to offer all unclaimed UCB bearer shares for sale on the stock market. The net proceeds of such sale were deposited with the State-owned Deposit and Consignments Fund ("Caisse des dépôts et consignations" / "Deposito- en Consignatiekas") on 23 June 2015. As of 1 January 2016, the rightful owners of unclaimed bearer shares have the right to claim the payment of the corresponding net proceeds from this Fund, 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.

You can find more information on the dematerialization of the UCB shares on the following web page: <https://www.ucb.com/investors/UCB-shareholders>.

- 2.1.2.2. All shares are ordinary and confer equal rights.

Each share gives the right to one vote.

In any increase of share capital for cash, existing shareholders have preferential rights to subscribe new shares, pro rata with the number of their existing shareholdings, in accordance with the law. These preferential rights, however, may be limited or removed by the General Meeting of Shareholders in the interests of UCB.

The shares held by UCB and its affiliates, including UCB FIPAR SA, indirect affiliate of UCB, covering the option plans or share award plans issued in favor of UCB staff, do not have voting rights throughout the holding period. The number of shares held, at the end of each year, by UCB and its affiliates is disclosed in the relevant annual report of UCB and on UCB website as indicated in [section 2.2.1](#).

- 2.1.2.3. UCB shares are listed on Euronext Brussels.

2.2. Shareholders and shareholders structure

UCB's main shareholder is Financière de Tubize SA, a Belgian holding company listed on Euronext Brussels (the "Reference Shareholder"). Based on available public disclosures, the shareholders structure of UCB's Reference Shareholder can be summarized as follows:

	Concert		Outside concert		Total	
	Voting Rights	%	Voting Rights	%	Voting Rights	%
FEJ SRL (previously Financière Eric Janssen SPRL)	8,525,014	19.15%	1,988,800	4.47%	10,513,814	23.62%
Daniel Janssen	5,881,677	13.21%	-	-	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%	-	-	3,903,835	8.77%
Jean van Rijckevorsel	11,744	0.03%	-	-	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	-	-	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 shareholders of Financière de Tubize SA, belonging to the Janssen family, act in concert, i.e. they have entered into an 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.

With respect to its other shareholders, UCB is not aware of any voting or similar agreements.

UCB and its subsidiaries also hold UCB shares (see the link referred to under [section 2.2.1](#) for an up-to-date overview of their shareholdings).

The remaining UCB shares are held by the public.

2.2.1. Notifications pursuant to the law on the disclosure of large shareholdings

From time to time, UCB receives transparency notifications pursuant to the law of 2 May 2007 on the disclosure of large shareholdings.

Based on these notifications and/or more recent information from other public disclosures, the most recent shareholders' structure of UCB can be found on UCB website via the following link:

<https://www.ucb.com/investors/UCB-shareholders>.

2.2.2. Notifications pursuant to the law on public takeover bids

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

So far, UCB received every year an updated notification pursuant to article 74, §8 of the law of 1 April 2007 on public takeover bids from Financière de Tubize SA. The most recent version can be found on UCB website via the following link: <https://www.ucb.com/investors/UCB-shareholders/Notification-Art-74>.

2.3. General Meetings of Shareholders

2.3.1. Venue and date

The Ordinary General Meeting of Shareholders is held on the last Thursday of April at 11:00am, 60 Allée de la Recherche, 1070 Brussels (or at any other place indicated in the convening notice).

A General Meeting of Shareholders may also be called in special or extraordinary circumstances, whenever Company interests dictate. Moreover, the Board or the statutory Auditor(s) must convene an Extraordinary General Meeting upon the written request of shareholders representing jointly 10% of the share capital of UCB and containing at the least the proposed agenda points.

The Board will carefully consider each request of a Shareholder to add an item on the agenda of a Shareholders meeting, or to convene an Extraordinary General Meeting, and decide on each request in the best interest of UCB.

2.3.2. Agenda of the General Meeting of Shareholders

The agenda of the Ordinary General Meeting of Shareholders includes the following mandatory topics:

- Report of the Board and report by External Auditor(s);
- Approval of the annual accounts and distribution of Company results;
- Discharge of Directors and External Auditor(s) for the year;
- Approval of the Remuneration Report;
- Approval of the Remuneration Policy, if applicable;
- This agenda will be completed by resolutions (i) on appointment, re-appointment or substitution of outgoing External Auditor(s) or Directors and (ii), if applicable, any other item required under the BCCA or any applicable laws or regulations.

This may include additional sections submitting information on specific subjects or proposals for consideration not stated above which do not require a quorum or special voting.

Special or Extraordinary General Meetings of Shareholders may be called at any other time or date. Extraordinary General Meetings contain proposals for deliberation and vote which require the presence of an attendance quorum and a qualified majority vote, and which must be held before a notary, e.g. modifications to UCB's Articles of Association.

2.3.3. Procedure for convening meetings

The General Meeting of Shareholders, ordinary, special or extraordinary, is convened by the Board or the Auditor.

The notice of any General Meeting of Shareholders mentions in particular the venue, date and time of the meeting, the agenda, the reports, the text of the proposed resolutions, the procedure for taking part in the meeting or to be represented, and all other mentions provided for by Belgian law.

Holders of dematerialized shares are convened to meetings, at least thirty days prior to the meeting, by advertisements in the Belgian Official Gazette (“Moniteur Belge” / “Belgisch Staatsblad”) in a Belgian national newspaper (in practice in the ‘L’Echo’ (in French) and in the ‘De Tijd’ (in Dutch)), via such media as may reasonably be relied upon for the effective dissemination of information to the public throughout the EU and which are easily accessible on a non-discriminatory basis (in practice via GlobeNewswire) and via the Company’s website.

The notice is personally sent to the registered shareholders via their personal email address, if communicated by them to the Company or if not, via ordinary post, both at least thirty days prior to the General Meeting of Shareholders, without it being necessary to prove that this formality has been carried out.

2.3.4. Admittance to the General Meeting of Shareholders

2.3.4.1. According to Belgian law and the Articles of Association of UCB, the shareholders are admitted to the General Meeting and may exercise their voting rights if they have recorded their shares on the fourteenth day preceding the General Meeting, at midnight (Belgian time), either by registration of the shares in the shareholders’ register of registered shares or by registration in the accounts of an authorized custody account keeper or clearing institution, regardless of the number of shares they own on the date of the General Meeting.

Each shareholder shall notify its intention to attend the General Meeting at the latest on the sixth calendar day preceding the date of the General Meeting.

Any shareholder can be represented to the General Meeting by a proxy of his/her choice.

The Board can determine the form of proxies, which must be lodged at the registered office of UCB at least six calendar days before the date of the meeting.

2.3.5. Procedure

2.3.5.1. The General Meeting of Shareholders is chaired by the Chair of the Board failing whom by the Vice-Chair, or, should none of them be able to attend, by another Director.

2.3.5.2. The Chair appoints a secretary, who does not have to be a shareholder, and chooses two scrutineers who may be, but not have to be, a shareholder, and who will, together with the Directors present, constitute the Bureau.

The Chair directs debates using the practices applicable in Belgium to assemblies of deliberation.

Observing the agenda, he or she ensures that questions at the meeting receive a response, provided that the answer is not detrimental to the business interests of UCB or to confidentiality agreements to which UCB, its Directors, executives or External Auditor(s) are bound.

2.3.5.3. Except for cases stipulated by the law or by UCB’s Articles of Association, the Meeting’s decisions are valid regardless of the number of shares represented and are taken by simple majority vote.

2.3.5.4. To validate the deliberations of certain Extraordinary General Meetings of Shareholders, the law stipulates a quorum of 50% of the capital present or represented. Failing this, a new General Meeting of Shareholders must be called to deliberate validly without the need for any quorum. In accordance with the subject matter, votes for resolutions require a qualified majority as laid down in law.

2.3.5.5. Voting is by a show of hands or other means authorized by law. UCB usually uses an electronic voting system.

2.3.5.6. The minutes of General Meetings are signed by the Chair, the secretary and the scrutineers, and by the Directors and shareholders who wish to do so.

The minutes of the General Meetings mention for each decision the number of shares for which votes have been validly cast, the percentage of the share capital represented by those votes, the total number of votes validly cast for and against each decision and, if applicable, the number of abstentions. This information is published on UCB's website (www.ucb.com) within fifteen days following the General Meeting.

Copies or extracts of the minutes are signed either by the Chair of the Board, or by one or more Directors having representation powers.

2.4. Rights to dividends

2.4.1. Dividend policy

The Board intends to continue to sustain a dynamic dividend policy, consistent with the long-term growth prospects of UCB, offering gradual increase in dividend, and as far as possible not to reduce it, irrespective of the short-term income variations.

2.4.2. Dividends

According to article 45 of the Articles of Association of UCB, the payment of dividends shall be made annually at the times and places fixed by the Board. Usually the payments take place a few days after the approval by the Ordinary General Meeting of Shareholders.

2.4.3. Interim dividends

According to article 45 of the Articles of Association of UCB, the Board can decide to pay interim dividend in accordance with article 7:213 BCCA.

2.5. Relations with shareholders

The Board is committed to maintaining good communications with shareholders. Other than during closed periods, the Chair of the Executive Committee (Chief Executive Officer), the Chief Financial Officer and the Head of Investor Relations maintain a regular dialogue with investors and shareholders, including the Reference Shareholder and institutional shareholders throughout the year. The Chair of the Executive Committee, the Chief Financial Officer and the Head of Investor Relations give presentations to the reference and institutional shareholders and analysts after the announcement of each of the UCB Group's half-year and full-year results. At these occasions, an update is given on Research and Development activities by the management. These information are simultaneously made available on UCB's website (www.ucb.com). The UCB Group also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The Chair of the Executive Committee, the Chief Financial Officer and/or the Head of Investor Relations also conduct one-to-one formal meetings with the UCB Group's key shareholders following the announcement of major events. The UCB Group obtains independent feedback on these meetings through its corporate brokers. This information is circulated to all Board members, along with other feedback received during the meetings.

The Company aims to facilitate requests from shareholders for meetings with management and responds formally to queries and requests for information from existing or potential shareholders.

At least once a year, the Head of Investor Relations and the Secretary General discuss with institutional investors and/or their voting or proxy agencies their voting policies as well as their voting intentions with respect to a particular shareholders' meeting. They also encourage shareholders and, in particular, institutional investors, to communicate their evaluation of the Company's Corporate Governance prior to the General Shareholders' Meetings and at least through participation in the General Shareholders' Meeting.

2.6. Information for shareholders

The UCB Group's annual reports and accounts, preliminary and interim announcements, trading statements, press releases and regulated information are available on UCB's website (www.ucb.com).

All communications can be obtained electronically by e-mailing to investor-relations@ucb.com.

Notices of meetings, agendas, reports and information which must be provided with a view to the General Meeting of Shareholders are available before the Meeting on UCB's website (<https://www.ucb.com/investors/UCB-shareholders>). They are sent to registered shareholders, together with the notice of the Meeting, according to the law and to UCB's Articles of Association.

3. The Board of UCB

3.1. Role and Responsibilities

3.1.1. Terms of reference

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 below in accordance with the Articles of Association of the Company. The Board will review its governance structure at least once every 5 years. The last review was performed by the Board in October 2019. The Board did not opt for a “two-tier” structure based on separate Supervisory Board and Management Board. It considers that the current system is based on a balance of powers between the Board and the management that is also in line with the structure of UCB shareholders. 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 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 acts collegially.

The roles and responsibilities and the functioning of the Board are determined by UCB's Articles of Association and further detailed in the terms of reference of the Board and the Board’s Committees that are described in this Charter.

Among the matters over which it may, by law, take decisions, the Board has reserved key areas for itself, and has delegated powers of to an Executive Committee (see [section 5](#)) and its CEO.

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.

The powers the Board has reserved for itself concern mainly the following, and to this end, it also receives all the information required in relation to each of them:

1. Based on proposals from the Executive Committee, defining UCB’s ambition, values and (medium and long-term) strategy, risk appetite and main policies;
2. Monitoring of:
 - management's performance and the realization of the Company's medium and long-term strategic objectives against agreed performance measures and targets,
 - the effectiveness of the Board’s Committees and
 - the performance of the External Auditor;
3. Appointment or removal:
 - from among its members, of the Chair of the Board, after a consultation of all Board members conducted by a member of the Governance, Nomination & Compensation Committee (hereafter “GNCC”) other than the Chair of such Committee, it being understood that the consultation will be conducted by the Chair of the Board and of the GNCC when it relates to his/her succession planning;

- from among its members, of the Chair and members of the Audit Committee, of the Chair and members of the GNCC and of the members of the Scientific Committee;
 - of the Chair of the Executive Committee following a proposal by the GNCC;
 - of members of the Executive Committee following a proposal by the GNCC, and in consultation with the Chair of the Executive Committee;
 - of persons in major external bodies or companies and of persons outside UCB requested to represent UCB at certain subsidiaries, on the recommendation of the Chair of the Executive Committee; and
 - of the Secretary of the Board.
4. Reviewing periodically the succession planning for the Chair of the Executive Committee and the other Executive Committee members, as proposed by the GNCC;
 5. Upon advice of the GNCC, adopt a Remuneration Policy for non-executive Directors and Executive Committee members for submission to the General Meeting of Shareholders. When a significant proportion of the votes have been cast against the Remuneration Policy, the Company will take the necessary steps to address it and consider adapting its Remuneration Policy.
 6. Upon advice of the GNCC, approve the main term and conditions of the contracts of the Chair of the Executive Committee and other Executive Committee members;
 7. Upon advice of the GNCC, making an explicit and informed choice on the governance structure of UCB, review the chosen governance structure at least every 5 years and ensure that the chosen governance structure is correctly implemented in practice;
 8. For endorsement, appointment or removal of senior executives on the recommendation of the Chair of the Executive Committee;
 9. Ensure the integrity and timely disclosure of the financial statements of the UCB Group and UCB, its performance and of other material financial and non-financial information, including sufficient information on issues of societal concern and relevant environmental and social indicators to shareholders and financial markets, in accordance with applicable law;
 10. Approve the framework of internal control and risk management set up by the executive management and controlled by the internal audit with direct access to the Audit Committee;
 11. Preparation of the General Meeting of Shareholders and of the decisions proposed to be considered at the meeting;
 12. Executive management structure and general organization of UCB (and of the UCB Group);
 13. Approval of the annual budget (including the R&D program and the capital plan) and any increase in the overall annual budget (including the R&D program and the capital plan);
 14. The long-term or major finance operations;
 15. Creating, establishing, closing, settling or transferring subsidiaries, branches, production locations or major divisions exceeding a value of € 50 million;
 16. Allotment, merger, acquisition, division, purchase, sale or pledging of assets (other than assets referred to under sub-section 17 below), instruments and shares, equity and equity-like investments, in and out-licensing of intellectual property and product divestments, joint-ventures, of a value exceeding € 20 million and involving third parties;
 17. Purchase, sale or pledging of real estate property assets to a value exceeding € 50 million and real estate leases over a period exceeding 9 years for an aggregate amount of expenditures exceeding € 20 million;
 18. The terms and conditions of plans for the grant of stock and stock options to employees;

19. To be informed, at the end of every semester, of the charitable donations in excess of € 10,000 YTD to each single beneficiary;
20. At the request of the Chair of the Executive Committee, the Board may also be asked to pronounce in the event of diverging opinions among a majority of the members of the Executive Committee and its Chair.

3.1.2. Role of the executive and non-executive Directors

Within the framework of the functions performed by the Board, the executive Director and non-executive Directors have specific additional roles to play.

The executive Director communicates all information concerning the Company's business and finances required for efficient running of the Board.

Non-executive Directors discuss, in a critical and constructive fashion, the main policies and (medium and long-term) strategy proposed by the Executive Committee and help develop these, together with a rigorous assessment of the performance of the Executive Committee. Non-executive Directors meet at least twice a year in the absence of the Chair of the Executive Committee and the other executives.

The Executive Committee of which one of the main tasks is to prepare most of the decisions proposed to the Board and then to ensure they are implemented, works closely with the Board in all matters for which the Board is exclusively empowered. The Board supports the Executive Committee in the fulfilment of its duties and constructively challenges it whenever appropriate. Interactions between Directors and members of the Executive Committee, also for giving advice outside of the Board meetings, take place in a transparent way and the Chair of the Board is informed of these interactions.

3.2. Composition of the Board

3.2.1. Composition

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.

3.2.2. Appointment of Directors

The Directors are appointed by the General Meeting of Shareholders, following a proposal by the Board, and upon recommendation of the GNCC.

3.2.2.1. 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.

3.2.2.2. 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.

3.2.3. Independence of the Directors

In carrying out their duties, each Director must fulfill his/her fiduciary duties of care, loyalty, good faith, integrity and probity, and act in the best interests of UCB, its shareholders and other stakeholders. All Directors should be committed to the long-term interests of UCB, engage actively in their duties and make their own sound, objective and independent judgment when discharging their responsibilities. Acting with independence of mind includes the ability to develop a personal conviction and having the courage to act accordingly by assessing and challenging the views of other Board members, by interrogating the executives when appropriate in the light of the issues and risks involved, and by being able to resist group pressure.

The BCCA stipulates a general legal definition of an "independent" Director and refers to the 2020 Code for the detailed independence criteria to be taken into consideration. The independence criteria, are, amongst others, used for the application of certain regulations concerning conflicts of interest or in the context of the composition of the Board special committees. The independence qualification is confirmed by the General Meeting of Shareholders every time a such a Director is elected or re-elected. According to the BCCA, at least three Directors must be independent.

Additional independence criteria have been adopted by the Board. By virtue of these, 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 judgment. In relation to this criterion, significant status as customer, supplier or shareholder of the UCB Group is taken into consideration by the Board on an individual basis.

According to the criteria set by the law, the 2020 Code and the Board, the representatives of the Reference Shareholder are not considered to be independent. Although these Directors do not qualify as independent, they are independent from management.

3.2.4. Duration of mandates and age limit

Directors are appointed by the General Meeting of Shareholders for a term of four years 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 seventieth birthday. The Board may propose exceptions to that rule.

3.2.5. Procedure for appointment, renewal of terms and training

- 3.2.5.1. 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.
- 3.2.5.2. 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.

- 3.2.5.3. 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).

- 3.2.5.4. A UCB induction program is arranged for new Directors. The program is intended to allow them to learn the essentials of UCB as quickly as possible, including its governance, its strategies, its key policies, and its challenges in terms of research and development, operations, finance and risk management as well as an update on the legal and regulatory environment. Thus, new Directors can contribute to the work of the Board and of its Committees of which they may become a member, over as short a period as possible. This program is open to all Directors. Training either by internal sources or by third-party experts is also provided to the Board members when deemed useful for example on relevant new laws, regulations,

business endeavours and changes in the industry risks and/or to update their skills and improve their knowledge of the Company to fulfil their roles both on the Board and the special committees of the Board.

3.2.6. Chairmanship and Vice-Chairmanship

Appointment of the Chair and Vice-Chair of the Board: The Board appoints a Chair and a Vice-Chair from among its members. When the chairmanship of the Board is not attributed to a representative of the Reference Shareholder, the position of Vice-Chair should be attributed to such a representative.

3.2.6.1. Role and responsibilities of the Chair

The Chair leads the activities of the Board. In particular, the Chair ensures that the best practices of Corporate Governance are applied to the relations between shareholders, the Board and management. The Chair engenders a climate of trust within the Board, allowing for open discussions and constructive challenge. The Chair is a person trusted for his/her professionalism, independence of mind, coaching capabilities, ability to build consensus, and communication and meeting management skills.

The Chair of the Board and the Chair of the Executive Committee cannot be the same individual.

After consultation with the Chair of the Board and of the GNCC, the Vice-Chair of the Board and the Chair of the Executive Committee, the Board gives recommendations as to the general composition of the Board and of the committees created by the Board.

The Chair also carries out the tasks stipulated by law and the Articles of Association or following delegation from the Board or a request from the Chair of the Executive Committee.

In particular, the Board entrusts the Chair with the following powers:

- the Chair calls and arranges meetings of the Board;
- the Chair sets the agenda, together with the Vice-Chair of the Board and in consultation with the Chair of the Executive Committee and the Secretary of the Board;
- the Chair, assisted by the Secretary of the Board, ensures that Directors receive accurate, concise, detailed and clear information in good time before the meeting, and where necessary between meetings so that they can make an knowledgeable and informed contribution to board discussions;
- the Chair ensures that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- the Chair ensures that the Board carries the highest level of integrity and probity in the exercise of its functions;
- the Chair ensures that all Directors contribute to discussions and decision-making;
- the Chair ensures that sufficient time is arranged to discuss complex or delicate issues. When this is deemed necessary, the Chair arranges informal premeetings or creates specific committees to prepare discussions for the Board;
- the Chair ensures that Directors have sufficient time, before decision-making, for consideration and discussion;
- the Chair presides over Ordinary, Special and Extraordinary General Meetings of Shareholders, and ensures that shareholders have the chance to express their opinion, ask questions and receive suitable replies;
- the Chair must be available vis-à-vis the Chair of the Executive Committee for support and advice in relation to issues concerning UCB's strategy and major operations, or to represent UCB at events when required to do so;
- once a month, the Chair attends an information meeting with the members of the Executive Committee, and the Vice-Chair of the Board;

- the Chair exchanges information with the Vice-Chair of the Board and the Chair of the Executive Committee once a month;
- the Chair ensures, together with the GNCC, that the performance of the Directors, the Board as a whole, and its Committees are assessed on a regular basis; and
- the Chair ensures that Directors have an understanding of the views of the shareholders and other significant stakeholders.

3.2.6.2. Role and responsibilities of the Vice-Chair

Among the non-executive Directors, the Vice-Chair is the main interlocutor of the Chair of the Board in all the above areas.

The Chair of the Board consults the Vice-Chair whenever this is deemed necessary to allow functions to be accomplished efficiently and effectively.

In particular, the Vice-Chair:

- presides over the Board in the absence of the Chair;
- chairs discussions and decision-making by the Board on matters where the chair has a conflict of interest;
- draws up the agenda for meetings with the Chair of the Board and in consultation with the Chair of the Executive Committee and the Secretary of the Board;
- attends the monthly information meeting with the Chair of the Board, the Chair and members of the Executive Committee; and
- exchanges information on a monthly basis with the Chair of the Board and the Chair of the Executive Committee.

3.2.7. Secretary of the Board

A Secretary of the Board is appointed by the Board and has the necessary skills and knowledge of Corporate Governance matters:

- to assist with the coordination of the Board meetings' preparation, agenda setting and premeeting materials;
- to ensure that the essence of the discussions and decisions of the Board meetings are accurately captured in the minutes;
- to generally facilitate Board processes, induction programs and ensure good information flow within the Board and its committees and between the Executive Committee and non-executive Board members;
- to support the Board and its committees on all governance matters;
- to assist in the company processes that strengthen Corporate Governance;
- to prepare and elaborate the Corporate Governance Charter and the annual Corporate Governance Statement;
- to provide a report to the Board, at the direction of the Chair, on how Board procedures, rules and regulations are being followed and complied with;
- to submit yearly to the Board a description of the Company's deviations to the 2020 Code in order for the Board to verify the quality of each explanation, to approve the reasons given and to endorse their content and;
- to assist with professional development of Directors as required.

For all Board and Company matters, each Director has individual access to the Board secretary's assistance.

3.3. Functioning of the Board

3.3.1. Frequency

Meetings of the Board are called by the Chair, the Vice-Chair or by the Director substituting, as often as the interests of UCB demand. They must also be called on the request of at least two Directors.

Each year the Board establishes its calendar of meetings for the ensuing year and plans for six to eight meetings. Additional meetings will be convened each time the interests of UCB require so.

3.3.2. Preparation

The Chair of the Board sets the agenda, together with the Vice-Chair of the Board and in consultation with the Chair of the Executive Committee and the Secretary of the Board. The agenda specifies which topics are for information, for deliberation or for decision. He or she, assisted by the Secretary of the Board, ensures that Directors receive the same accurate, concise, detailed and clear information with sufficient notice prior to meetings.

Directors may also request all useful additional information, in accordance with the nature of the matter, from the Chair of the Board who will organize the answer to their request with the Chair of the Executive Committee.

They may also make use of independent professional advice at the expense of UCB, by prior agreement with the Board or, in emergency situations, by the Chair or Vice-Chair of the Board.

3.3.3. Procedure, quorum and deliberation

Meetings of the Board are presided over by the Chair and, failing this, by the Vice-Chair.

Board meetings can also validly be held using video, telephone, internet or any other electronic-based means.

Directors communicate to the Board any information in their possession that could be relevant to the Board's decision-making. In the case of sensitive or confidential information, Directors consult the Chair.

Any Director who is unable to attend can delegate another member of the Board to represent him and to vote in his name by an ordinary letter, e-mail or other (electronic) document. No Director shall, however, represent more than one of his colleagues.

The Board cannot validly transact business unless the majority of its members are present or represented. The quorum of those present shall be calculated in relation to the number of Directors voting and without taking account of those who, in application of the BCCA, are obliged to withdraw from the deliberations. If the number of Board members is insufficient, the Directors are called by ordinary letter, e-mail or other (electronic) document to a further meeting. A quorum is not required at the second meeting.

In the majority of cases, decisions are taken by consensus. In the event of a vote, Company's Articles of Association stipulate that resolutions are passed by a majority of votes; should there be a tie, the vote of the Chair of the meeting shall be decisive.

Once decisions are taken, all Board members should be supportive of their execution.

3.3.4. Conflicts of interest

Each Director acts without conflict and always puts the interests of UCB before his/her personal interests. Each Director arranges his/her personal and business affairs so as to avoid direct and indirect conflict of interest with UCB. Each director acts according to the principles of reasonableness and fairness. All Directors inform the Board of conflicts of interest as they arise and that could in their opinion affect their capacity of judgment.

In particular, at the beginning of each Board (or Board Committee), Directors declare whether they think they have any conflict of interests regarding the items on the agenda. In such case and without prejudice to the application of mandatory rules of law, the Board, under the lead of its Chair, will decide if a procedure is appropriate in the corporate benefit of the Company.

If a conflict of interest within the meaning of art. 7:96 of the BCCA is recognized, the Director having a conflict will abstain from participating in discussions and deliberations on the matter involved. Any abstention from voting, motivated by such conflict of interest, is disclosed in the annual report, together with a description of the procedure that has been followed, in accordance with the relevant provisions of the BCCA. Where there is a substantial conflict of interests, the Board may consider communicating as soon as possible on the procedure followed, the most important considerations and the conclusions.

In view of monitoring risk of potential conflict of interest, every year Directors report to the Secretary of the Board describing, as the case may be, all relationships between them or the companies with which they (or a close family member) have a close link (such as an executive function, a directorship, a controlling shareholding), and UCB including its related companies.

The Directors representing a significant shareholder should ensure that the interests and intentions of such shareholder are sufficiently clear and they should communicate to the Board, subject to applicable laws, such intentions and interests in a timely manner.

3.3.5. Confidentiality

Directors cannot use the information obtained in their capacity as Director for purposes other than for the exercise of their mandate. They have an obligation to handle the confidential information received in their capacity as Director with utmost care.

3.3.6. Minutes and excerpts

Minutes reflecting the deliberations and decisions of the Board are drafted by the Secretary of the Board in the language of the meeting and submitted for approval to the Board. As the case may be, the diverging views expressed by Board members and only at his/her requested will be recorded in the minutes, together with the name of such Board member. The minutes are signed by all members present at the meeting. According to the Articles of Association, in case a Director refuses to sign, a mention of this refusal is made in the minutes.

Excerpts of the minutes for disclosure in justice or elsewhere shall be signed by either the Chair, or one or several Directors, or the Secretary General or the General Counsel.

3.4. Representation of UCB

The Company is validly represented, with regard to third parties and before the courts whether as plaintiff or defendant, by two Directors acting jointly for all acts, including those involving a ministerial or public officer. These Directors will not need to be covered in any instance, in respect of third parties, by a prior decision of the Board. The Chair of the Executive Committee represents UCB in the daily management of the business.

In addition, the Board may appoint special representatives for tasks decided by it.

3.5. Assessment of the Board

On a regular basis, at least every other year, the Board proceeds to assess its overall contribution to the long-term success of the business, setting out its strategic mission and aiming to optimize its own composition and functioning and the composition and functioning of the Committees created by it.

To this end, discussions are held by the Chair and the Vice-Chair of the Board with each individual Director, with regard to the roles of the Board, of the GNCC and the Audit Committee, their priorities, their composition, the quality of information made available to the Board and the Committees, the frequency and duration of their meetings, their functioning and contribution. Each Director's individual contribution is evaluated. The relationship of the Board with the Chair of the Executive Committee is also analyzed.

The Chair of the GNCC is responsible for conducting the Board Effectiveness assessment process and for reporting the results to the Board. If deemed necessary, the assistance of external experts will be sought. The process is confidential and reported to the Board on a no name basis.

See also [3.2.5](#) for the assessment of the directors' candidate for re-election.

3.6. Remuneration for the Directors

3.6.1. Remuneration Policy

As a principle of the Remuneration Policy, the remunerations of the Directors should be sufficient to attract, reward, retain and motivate those who have the profile determined by the Board; the remuneration level should take into account the responsibilities and time commitment of the Board members. In addition to this principle, the amounts proposed by the GNCC are based on two benchmarks, one being the fixed and variable remuneration of Directors of the BEL 20 listed Belgian companies and the other being the remuneration paid by European biopharmaceutical companies.

On the basis of the recommendations drawn up by the GNCC as to the form and structure of remuneration, the Board proposes the remuneration for Directors and Board Committee's members at the General Meeting of Shareholders. The Board will submit the Remuneration Policy to the General Shareholder's Meeting in accordance with the applicable laws and regulations. This policy will also include the information related to Executive compensation as further described in [section 5.4](#).

A directorship term at UCB is remunerated by fixed emoluments approved by the General Meeting of Shareholders; Board members also receive presence fees for each Board meeting in which they participate. A directorship does not make Directors eligible for any variable remuneration linked to results or other performance-related criteria, nor does it grant rights to free shares or stock options, or to an extra-legal pension plan.

Considering their supplementary duties and liabilities, the Directors who are also members of a Board Committee are entitled to an additional fixed remuneration. For the same reason, the remuneration fees of the Chair of the Board and of the Vice-Chair of the Board are higher than these of the other members of the Board. The remuneration fees of the Chair of each Board Committee are also higher than that of the members of the Board Committee. These remunerations are also submitted to the General Meeting of Shareholders for approval.

Reasonable expenses incurred by the Directors within the framework of and in accordance with the needs of their function as a Director or as a member of a Board Committee, are paid by UCB.

The individual remunerations and presence fees paid to the Board members are disclosed annually in the remuneration report included in UCB's annual report.

3.6.2. Basic remuneration of Directors and presence fees

Remuneration for each Director was set at the 2019 General Meeting of Shareholders at € 80,000 per year, of the Chair of the Board at € 240,000 per year and of the Vice-Chair of the Board at € 120,000 per year. The Chair's annual emoluments include his or her presence fees. The same General Meeting fixed the presence fees of the Vice-Chair and of the other members of the Board at € 1,500 and € 1,000 per meeting respectively and granted a travel allowance of € 7,500 per Board meeting to each member of the Board of Directors residing in a country where the time zone difference with Belgium is 5 hours or more (in addition to regular travel expense reimbursement). The annual payments are pro-rated according to the number of months served as an active Board member during the calendar year.

3.6.3. Board Committees members remuneration

The 2019 General Meeting fixed the annual additional remuneration of the Chair and members of the Board Committees as follows: € 33,500 for the Chair and € 22,500 for the other members of the Audit Committee; € 22,500 for the Chair and € 17,000 for the other members of the Governance, Nomination and Compensation Committee (GNCC); and € 33,500 for the Chair and € 22,500 for the other members of the Scientific Committee.

4. Board committees

4.1. Common Committee rules (length of term, organization)

4.1.1. To enhance the overall effectiveness of the Board by ensuring focus, oversight and monitoring of sensitive areas, the Board has created three specialist committees: The Audit Committee, the Governance, Nomination and Compensation Committee (GNCC) and the Scientific Committee. The Board Committees assist and advise the Board on these substantive issues. The GNCC combines the Nomination Committee and the Remuneration Committee as specified in the 2020 Code and the BCCA. Strategy formulation cannot be referred to any permanent committee.

After each Committee meeting, each Committee submits a written report to the Board on its findings and recommendations and gives an oral feedback at the next Board meeting.

Within their respective areas of responsibility, the Committees make recommendations to the Board, give comfort to the Board that certain issues have been adequately addressed and, if necessary, bring specific issues to the attention of the Board. Except where otherwise provided by law or upon specific delegation by the Board, the decision making should remain the collegial responsibility of the full Board.

4.1.2. From among its non-executive Directors, the Board appoints the members of each Committee and their Chair (subject to section 4.2.2 hereof). All members of the Board Committees are independent from management. Within each Committee, there should be an appropriate balance of skills, knowledge, experience and diversity.

The duration of the term of Committee members is the same as the term of directors - that is, 4 years - and terms are also renewable.

The duties and responsibilities of each Committee are determined by the Board and delineated in their terms of reference set out below (4.2.1. Audit, 4.3.1. GNCC, 4.4.1. Scientific Committee).

Committees meetings can validly be held using video, telephone, internet or any other electronic-based means. The Committees, when deemed useful and following the procedure set out by the secretary of the relevant Committee, can be advised by external experts at the Company's expense.

4.2. Audit Committee

4.2.1. Terms of reference

The Audit Committee assists the Board in its responsibility of monitoring responsibilities in respect of control in the broadest sense, including risks, within UCB and UCB Group as a whole, and more specifically with regard to achieving the following objectives:

1. The reliable nature of financial information
2. Compliance with relevant laws and regulations
3. Performing internal control processes within UCB in the most efficient manner.

The assignments of the Audit Committee can vary according to the circumstances. However, the committee mainly has the following duties (article 7:99 §4 BCCA):

1. monitoring the financial overall reporting process and submit recommendations or proposals to ensure its integrity;

2. monitoring the effectiveness of the company's overall internal control processes and risk management systems;
3. monitoring the internal audit function and its effectiveness;
4. monitoring the statutory audit of the annual and consolidated accounts, including monitoring management's follow-up of the findings of the internal audit function and on any questions and recommendations made by the External Auditor;
5. reviewing and monitoring the independence of the External Auditor, in particular regarding the provision of additional services to the company; and
6. be responsible for the procedure for the selection of the External Auditor(s) in accordance with the law and make a motivated recommendation to the Board as to the nomination or renewal of the mandate of the External Auditor(s).

In the area of financial and accounting information,

- the Audit Committee monitors the integrity of the financial information provided by UCB, in particular by reviewing the relevance and consistency of the accounting standards used by UCB and the UCB Group, including the criteria for consolidation of the accounts of companies in the UCB Group; it must inform the Board of the outcome of the audit of statutory and consolidated accounts, and explain in what way the audit of aforementioned accounts have contributed to the integrity of the financial overall reporting and what the role of the Audit Committee was in this process;
- more particularly the Audit Committee verifies the quality and reliability of UCB's consolidated half-yearly and yearly accounts submitted to the Board. It reviews management's certification process on half-yearly and yearly accounts. It ensures that the documents are a true reflection of business progress, that they have been drawn up in accordance with legal requirements, and provide a response to the demands of the Financial Services and Markets Authority (FSMA) or of any other authority to which UCB is subject as an officially listed company;
- in the event of significant and unusual transactions where the accounting treatment may be open to different approaches, the management informs the Audit Committee of the methods used and their justification;
- the Committee discusses significant financial reporting issues, if any, with both management and the External Auditor(s); and
- it reviews the additional report which the External Auditor(s) must submit to the Audit Committee in accordance with article 11 of Regulation EU 537/2014 and the applicable Belgian regulations.

In the area of internal auditing and internal control,

- the Audit Committee verifies that the internal audit function has the resources and skills adapted to UCB's nature, size and complexity;
- it inquires as to the audit methods implemented at UCB Group level. It receives confirmation that the means and procedures currently in place and the computer systems for collection and checking of data are suitable, and allow complete and reliable information to be produced;
- it reviews the internal auditor's work program and receives periodic reports from internal audit on the results of the internal audit work;
- it has periodic meetings with the internal auditor without management's presence; and
- it makes recommendations to management and to the Board on the selection, appointment or removal of the internal auditor.

In the area of auditing and control,

- the Audit Committee is responsible for the selection procedure of the External Auditor(s) in accordance with the applicable laws and regulations and makes recommendation to the Board relating to the

appointment and remuneration of the External Auditor(s), to be further submitted by the Board to the General Meeting of Shareholders on presentation of the Work Councils;

- it examines together with the External Auditor(s) the range and scope of the audit performed, and also the method used to carry it out through the UCB Group. The Audit Committee examines the results of the external audit, as well as the reports issued by the External Auditor(s) to shareholders;
- it monitors the External Auditor(s) independence, and in particular that neither the Auditor(s) nor the companies with which he or she (they) is (are) associated carry out any activity for the UCB Group other than external audit services or other audit related and/or other permitted services, within the applicable limits; it examines on a regular basis, a report from the External Auditor(s) describing all relationships between the/each Auditor and UCB and the UCB Group; and
- on a regular basis, the Audit Committee examines the additional fees charged by the External Auditor(s) to UCB or to the UCB Group's affiliates in excess of the fees approved by the General Meeting of Shareholders as well as fees charged for non-audit or audit-related services, within the applicable limits, to be disclosed in UCB's annual report; according to article 3:64 § 4 BCCA, it approves, as the case may be, the duties and fees of the External Auditor(s) when these fees exceed the annual fees approved by the General Meeting of shareholders as well as the fees for permitted audit-related and non-audit services in accordance with the relevant regulations and policies.

In the area of appreciation of risk and risk management,

- the Audit Committee monitors the overall risk management processes of the Company;
- the Audit Committee evaluates management's determination of areas where risk could significantly affect the UCB Group's financial situation and reputation;
- it reevaluates on a regular basis that:
 1. the risk management team is efficient at assessing and managing UCB's exposure to its risks areas;
 2. the procedures in place allow effectively high risks to be identified and their potential impact to be estimated;
 3. preventive or risk transfer measures limit the consequences in an acceptable fashion; and
 4. specific arrangements are in place which the staff of the company may use, in confidence, to raise concerns about possible improprieties in financial reporting or other matters;
- it reviews the statements included in the annual report on risk management.

When new regulations, legislation or directives are envisaged which could have considerable effects on the accounts of the UCB Group, its financial situation or its income in the short or long-term, the Audit Committee is informed of the implementation and impact of these, and also of implementation measures approved by management. If required, it draws up recommendations in this regard to the Board.

4.2.2. Composition of the Audit Committee

The Audit Committee is composed of at least three non-executive Directors who are all independent from the management and of which a majority of the members qualify as independent as defined by article 7:87 §1 BCCA and by reference to the criteria set out in the 2020 Code. The members of the Audit Committee are collectively competent in the domain of activities of the Company. They all have accounting and auditing expertise. The Chair is elected by and amongst its members.

4.2.3. Functioning of the Audit Committee

- The Audit Committee is to meet whenever necessary and at least four times a year to fulfill its duties a.o. to prepare for the meetings of the Board, during which finalization takes place of the half-yearly and yearly accounts.
- Matters relating to the audit plan and any issues arising from the audit process are placed on the agenda of every Audit Committee meeting.
- The Audit Committee regularly invites the Executive Vice-President Finance who is also a member of the Executive Committee, the Head of accounting and consolidation and the Internal Auditor to attend its meetings. The External Auditor(s) is (are) regularly invited to participate to meetings of the Audit Committee. The Audit Committee is entitled to meet with any relevant person without any executive manager being present.
- The External Auditor and the Head of the Internal Audit have direct and unrestricted access to the Chair of the Audit Committee and the Chair of the Board.
- The Audit Committee reviews its terms of reference annually and if needed recommends any changes to the Board. The Audit Committee annually reviews and approves the existing year and forward-year external audit fees and expenses, the latter as part of the budget approval process.
- Secretary functions of the Audit Committee are performed by the Secretary of the Board.

4.3. Governance, Nomination & Compensation Committee (GNCC)

4.3.1. Terms of reference

The GNCC ensures that the appointment and re-election process is organized objectively and professionally and proposes for submission to the General Meeting the Remuneration Policy for non-executive Directors and Executive Committee members. For the latter the GNCC proposes compensation programs, using outside consultants when needed, that:

- are consistent with the overall remuneration framework of the Company,
- are fair and appropriate to attract, reward, retain and motivate management,
- are reasonable in view of company economics and the relevant practices of other global biopharma companies,
- promote the achievement of strategic objectives in accordance with the company's risk appetite and behavioral norms, and
- promote sustainable value creation.

The Chair of the GNCC prepares with the Chair of the Executive Committee and the Executive Vice-President Talent & Company Reputation the meetings of the GNCC.

The GNCC reviews with the Chair of the Executive Committee and submits to the Board the succession planning for UCB's Chair of the Executive Committee and other Executive Committee members. The GNCC also establishes a succession planning for the Board members.

The GNCC ensures that appropriate talent development programs and programs to promote diversity in leadership are in place.

4.3.1.1. Concerning appointments, the GNCC has particular duties as follows:

- for the appointment of the Chair of the Board and with a view of reaching the broadest consensus of the Board members on the candidate: the Chair of the GNCC conducts a consultation with all Board members and reports the conclusions to the Board, after having discussed them with the GNCC, except if the

appointment relates to the reelection of the Chair of the Board and of the GNCC, in which case the Vice-Chair of the Board will conduct such consultation;

- following examination, to submit to the Board the names of candidates for new members of the Board and the Executive Committee and to make proposals to the Board in the event of renewal, resignation or possible retirement of (a) Director(s). With regard to proposals for appointment of members of the Board, the GNCC predetermines together with the Board the Board's equilibrium criteria and the profile of the candidate. See [3.2.2](#) and [3.2.5](#). With regard to candidates for new members of the Executive Committee other than the Chair, the Chair of the GNCC consults the Chair of the Executive Committee before the latter proposes candidates to the GNCC; the same procedure is followed in the event of proposals for removal or dismissal;
- the GNCC proposes to the Board the candidature or dismissal of the Chair of the Executive Committee;
- draft appointment procedures or propose modifications thereof for Board members, Chair of the Executive Committee and members of the Executive Committee; and
- prepare plans for an orderly and timely succession of Directors.

4.3.1.2. Concerning remuneration, the GNCC has particular duties as follows:

- make recommendations to the Board in relation to remuneration of the members of the Board, to be submitted for approval at the General Meeting of Shareholders (see [3.6.1](#));
- propose to the Board a Remuneration Policy for non-executive Directors and Executive Committee members;
- on an annual basis, examine and assess the performance of members of the Executive Committee and determine the individual compensations of the members of the Executive Committee in accordance with the policy decided by the Board. For members of the Executive Committee, excluding the CEO, the GNCC consults with the Chair of the Executive Committee who makes recommendations.

The Board is informed of the Committee's decisions regarding the Chair of the Executive Committee and the other members of the Executive Committee on an individual basis.

- make proposals to the Board on the realization of the Company's strategy against agreed performance measures and targets;
- approve any changes in the system of remuneration of the UCB Group's senior executives;
- determine the criteria for awarding free stock or stock options within the free stock or stock option plans, as decided by the Board;
- recommend for Board approval the global award criteria and the maximum amount of company shares to be committed per stock awards plan, stock options plan, stock purchase plan, stock performance plan, as well as the company performance criteria for the latter;
- prepare the Remuneration report included in the Corporate Governance Statement of each annual report and comments it at the annual shareholders meeting;
- review its terms of reference and recommend any necessary changes to the Board;
- annually review, for accuracy and completeness, the Corporate Governance Charter and, for inclusion in the annual report, the Corporate Governance Statement;
- review regularly and at least once a year the compliance of the Company with Corporate Governance rules as set forth in the BCCA or the 2020 Code and with the Code of Conduct;

4.3.1.3. The Chair of the Board and of the GNCC, and, as the case may be, the Vice-Chair of the Board are responsible for conducting the regular assessment process of the Board and for reporting the results to the Board (see [3.5](#)).

4.3.2. Composition of the GNCC

The GNCC is composed of three non-executive Directors of various experience and skills, who are all independent from management. A majority of the members qualify as independent as defined by article 7:87 §1 BCCA and meet the independent criteria set out in the 2020 Code and have the required competencies in remuneration policy. The Board is of the opinion that the independence required to fulfill the duties entrusted to the GNCC in the best interests of UCB, is to be measured versus management and that the presence of a member representing the Reference Shareholder does not, in nomination or compensation matters, prevent the best decision making process; to the contrary: as all the other shareholders of UCB, the Reference Shareholder who is not directly involved in the executive management of UCB has a particular interest to have the best organization in place to govern UCB, with a right balance of power between shareholders and management at a cost that is appropriate and reasonable.

The GNCC is chaired by the Chair of the Board.

4.3.3. Functioning of the GNCC

4.3.3.1. The GNCC is to meet at least twice a year and additionally whenever circumstances make this appropriate.

The GNCC is attended by the Chair of the Executive Committee - except when it deals with issues discussed which directly concern him - and the Executive Vice President Talent & Company Reputation, who is also the Committee's secretary for the meetings.

4.3.3.2. The GNCC is entitled to meet with any relevant person without any executive manager being present.

4.4. Scientific Committee

4.4.1. Terms of reference

The Scientific Committee assists the Board when reviewing the quality of UCB's R&D science and its competitive standing. It assesses the strategy proposed by UCB's management in R&D matters and communicates its recommendations to the Board.

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. 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.

4.4.2. Composition

The Committee is composed of two members who have outstanding scientific medical expertise.

4.4.3. Functioning

The members of the Scientific Committee attend the meetings of the SAB and meet regularly with the Executive Vice President & Chief Scientific Officer of UCB. The Scientific Committee reports to the Board after each SAB meeting.

5. The Executive Committee

5.1. Role and Responsibilities of the Executive Committee

The role and responsibilities of the Executive Committee are established by the Board.

5.1.1. Terms of reference

The Executive Committee constitutes UCB's top management.

It directs the UCB Group in its widest context and ensures sound operation of general UCB Group management.

It ensures implementation, checking and coordination of the UCB Group's strategic plans in the areas of research and development, operations, financial, administrative, risk and legal issues, human resources and investment.

It may delegate part of its functions to the Chair of the Executive Committee.

The Executive Committee, in particular, is charged with the following functions by the Board:

1. it is in charge of the daily management of UCB. The daily management of UCB subsidiaries or companies linked to UCB is nevertheless entrusted to general managers appointed by the Board from each entity, which may in turn be composed of all or some members of the Executive Committee;
2. it submits to the Board all information necessary in a timely fashion for the Board to carry out its duties and submits to the Board all matters for which the Board is responsible or has reserved competence;
3. with appropriate latitude, it implements the approved strategies, in accordance with the Company's risk appetite, and decisions of the Board;
4. it draws up a report on the execution of its functions and key decisions for the Board and is generally responsible and accountable to the Board for the discharge of its responsibilities;
5. in matters not relating to Human Resources, it proposes the following to the Board via the Chair of the Executive Committee:
 - a. the values of the UCB Group, its mission and its general (medium and long-term) strategies (their preparation and implementation), operational plans, its risks appetite and main policies;
 - b. the annual budget (including the R&D program and the capital plan) and any increase in the overall annual budget (including the R&D program and the capital plan) with a balanced and understandable assessment of the company's financial situation;
 - c. long-term or major financial operations;
 - d. for a timely disclosure to shareholders and financial markets, the yearly and half-yearly financial statements of the UCB Group and UCB, and other material financial and non-financial information;
 - e. the framework of internal controls and risk management (i.e. systems to identify, assess, manage and monitor financial and other risks), without prejudice to the Board's monitoring role, based on the framework approved by the Board of Directors);
 - f. creating, establishing, closing, settling or transferring subsidiaries, branches, production locations or major divisions exceeding a value of € 50 million;
 - g. allotment, merger, acquisitions, division, purchase, sale or pledging of assets (other than those referred to in sub-section h. below, instruments and shares, equity and equity like investments, in and out-licensing of intellectual property and product divestments of a value exceeding € 20 million and involving third parties);
 - h. purchase, sale or pledging of real estate property assets to a value exceeding € 50 million and real estate leases over a period exceeding 9 years for an aggregate amount of expenditures exceeding € 20 million;

- i. at the end of every semester, the charitable donations in excess of € 10,000 YTD to each single beneficiary;
6. in matters concerning Human Resources, it proposes the following to the Board:
 - executive management structure and general organization of the UCB Group and of UCB;
 - proposed appointments and dismissals of senior executives;
 - candidates from outside UCB for the post of UCB representative in certain organizations or for directorship posts at subsidiaries, whose appointment requires the approval of the Directors;
 7. it approves the UCB Group's operating budget and the long-term plans it submits for the opinion of the Board of Directors;
 8. it takes decisions with regard to the following:
 - major short-term operations, and cash and banking operations not reserved for the Board;
 - allotment or transfer of UCB Group shareholdings and similar operations not reserved for the Board;
 - operations in relation to real estate, not reserved for the Board;
 - activities within the approved annual budget or approved updates (including the R&D program and capital plan). In its responsibility for the daily management of UCB, the Executive Committee takes decisions for major engagements and commitments, not reserved for the Board;
 - it has delegated to each of its members, the day to day management of UCB that belongs to his/her scope of activity as well as the thereto related engagements or commitments for amounts not exceeding € 10 million if covered by the annual operating budget and within the limits approved by the Executive Committee;
 - the Executive Committee has authorized each of its members to subdelegate, under their responsibility, part of these powers to their staff, within limits approved by the Executive Committee;
 - commitments and engagements under the delegation of authority by the Executive Committee to its members are made subject to the appropriate segregation of duties as defined by the Executive Committee and under the supervision of the financial controller;
 - commitments and engagements under the subdelegation of authority by the members of the Executive Committee to their staff are made subject to the appropriate segregation of duties as defined by the Executive Committee and under the supervision of the financial controller;
 9. with regard to appointments:
 - it draws up a classification of the existing posts at UCB;
 - it decides appointments, modifications of function and revocations of those holding senior management posts, and draws up a list of these;
 - it delegates the task of appointments of UCB's staff to members of the Executive Committee and other senior UCB Group Vice-Presidents (SVPs), with the exception of appointments to senior management;
 - it authorizes the managers referred to in the point above to delegate the responsibility for staff appointments to certain members of their staff, except in the case of management and other senior posts;
 - it pronounces on the candidature of members of UCB Group staff for directorship functions or as managers of subsidiaries or affiliates;
 - it approves the candidate(s) for Auditor's functions at subsidiaries or affiliates on the recommendation of the Executive Vice-President Finance.

10. with regard to remuneration, on a yearly basis, it sets out its remuneration policy and the rules concerning adaptation of fixed and variable remuneration of UCB's staff not reserved for the GNCC or the Board.

5.1.2. The Chair of the Executive Committee

The principal functions of the Chair of the Executive Committee are as follows:

1. with regard to appointments and dismissal:
 - he recommends to the GNCC, following consultation with its Chair, for approval by the Board, the appointment and dismissal of members of the Executive Committee;
 - on behalf of the Executive Committee, annually he or she proposes to and reviews with the GNCC the succession planning and development for Executive Committee members;
 - on behalf of the Executive Committee, he or she recommends appointment or dismissal of senior executives to the Board;
2. he or she presides over, organizes and directs the Executive Committee. In this capacity, in particular he or she decides the agenda and the proposals to be discussed by the Committee. He or she holds the casting vote in the event of a tie;
3. he or she submits reports to the Board where there is divergence of opinion among a majority of members of the Executive Committee and the Chair of the Executive Committee;
4. he or she reports to the Board on behalf of the Executive Committee;
5. he or she is responsible for preparing, executing and supervising decisions concerning development of UCB, allocation of financial resources and purchase or transfer of know-how, patents and trademarks;
6. he or she may be entrusted, by the members of the Executive Committee, with the exercise of all or part of daily management at UCB and the organization and supervision of subsidiaries and companies linked to the UCB Group;
7. with regard to remuneration:
 - he or she recommends to the GNCC in conjunction with its Chair, overall remuneration and any other fixed or variable allowances allocated to the other members of the Executive Committee;
 - with respect to the structure and form approved by the Board, and in conjunction with the Chair of the GNCC, he or she sets the remuneration for Directors and Auditor(s) at subsidiaries or associated companies where these posts are remunerated;
 - he proposes to the GNCC, in conjunction with its Chair, the criteria for grant of free UCB stock, performance shares or stock options, which may be awarded by decision of the General Meeting of Shareholders or the Board to UCB's staff and/or groups of staff;
8. he or she sets the conditions, salaries and bonuses to be awarded to senior executives; and
9. he or she may delegate a number of his/her tasks with regard to remuneration to other members of the Executive Committee.

5.2. Composition of the Executive Committee

The number of Executive Committee members should be appropriate to ensure the most efficient execution of the strategy of the Company. This number may therefore vary depending on the needs, capabilities range of skills and experience that the scale and complexity of UCB business require. Only the Chair of the Executive Committee is also a Director.

5.2.1. Duration of mandates and age limit

No specific duration has been set for the term of a member of the Executive Committee. The age limit has been set as the age of retirement.

5.2.2. Criteria for appointment and assessment

The Board has not set any specific criteria as to appointment of members of the Executive Committee. Using rigorous selection procedures carried out under the supervision of the GNCC and in consultation with the Chair of the Executive Committee with respect to colleagues, the Board ensures that the Committee's composition and powers provide a response to the need for implementation of UCB's strategy and the management of UCB at the time of appointment and over the entire organization and that the members offer the range of skills and experience that the scale and complexity of UCB's business require. Performance of members of the Executive Committee is assessed on an annual basis by the GNCC.

5.2.3. Procedure for appointment and renewal

The Chair of the Executive Committee is appointed by the Board on proposal of the GNCC.

The other members of the Executive Committee are appointed by the Board, on the recommendation of the Chair of the Executive Committee and on the proposal of the GNCC.

5.2.4. Independence and integrity

Members of the Executive Committee engage actively in their duties and should be able to make their own sound, objective and independent judgements when discharging their responsibilities. They cannot use the information obtained in their capacity as a member of the Executive Committee for purposes other than for the exercise of their mandate. They must handle the confidential information received in their capacity as a member of the Executive Committee with utmost care.

5.3. Functioning of the Executive Committee

5.3.1. The Executive Committee meets at least once a month allowing for sufficient time to take appropriate decisions in running UCB's business and for implementing and reviewing its strategy. The Chair of the Executive Committee sets the agenda for meetings, particularly in accordance with decisions to be proposed to the Board, and also in relation to proposals from other members of the Executive Committee or other senior executives in areas reserved for it. The agenda also takes due consideration of a program, drawn up annually by the Committee as a review of strategy in the field of research and IP, development, technical and commercial operations, financial management, purchasing, IT, legal, UCB's culture and management of human talent, communication and of the main risks and challenges facing the UCB Group.

- 5.3.2. The documentation, including detailed and accurate information, required for meetings of the Executive Committee is sent to members through the Committee secretary, three days before the meeting.
- 5.3.3. Copies of the minutes of meetings are sent to the members of the Committee, to the Chair and Vice–Chair of the Board. Decisions are notified to be followed up by the persons concerned within the UCB Group.
- 5.3.4. Members of the Executive Committee communicate to the Executive Committee any information in their possession that could be relevant to its decision-making. In the case of sensitive or confidential information, members of the Executive Committee consult the Chair of the Executive Committee.
- 5.3.5. Decisions of the Executive Committee are taken by consensus. In the event of diverging opinions between a majority of the members of the Executive Committee and its Chair, the Board pronounces at the request of the Chair of the Executive Committee.

5.4. Remuneration of the members of the Executive Committee

5.4.1. Remuneration Policy

The Remuneration Policy for members of the Executive Committee is set by the Board on the basis of recommendations by the GNCC. Individual remuneration for members of the Executive Committee is delegated to be set by the GNCC and approved by the Board. The Board will submit the Remuneration Policy to the General Meeting of Shareholders in accordance with the applicable laws and regulations.

The Remuneration Policy ensures that the compensation programs of the members of the Executive Committee, including fixed, variable, company pensions, benefit schemes and termination arrangements, are consistent with the overall remuneration framework of the Company, and that these are fair and appropriate to attract, reward, retain and motivate management. They must also be reasonable in view of UCB's economics and the relevant practices of comparable global biopharmaceutical companies with which UCB competes for talent. Furthermore, they promote the achievement of strategic objectives in accordance with the company's priorities, risk appetite and expected leadership behaviors.

UCB consults market data to inform decisions on the appropriate format and structure of remuneration, including the overall pay mix and the balance between fixed and variable or at-risk elements of remuneration. For the members of the Executive Committee and its senior executive levels, market benchmarking is performed with independent compensation consultants, based on the nature of each individual role, to determine the market rate for total direct compensation (base salary, bonus and long-term incentives). For Executive Committee roles, UCB maintains a separate comparator group of biopharma companies for US and European positions, while it considers uniquely the European biopharma market for its long-term incentive plans.

According to this policy, the remuneration package consists of fixed remuneration (base salary) and variable remuneration linked to performance. Variable remuneration consists of a short-term incentive (bonus) and a long-term incentive plans (equity-based programs). The Executive remuneration structure links a significant portion of variable compensation to short and long-term company financial and non-financial performance and strategic goals. The long-term incentive plan includes a stock option plan and a performance share plan. Participation to these plans is subject to employment conditions within UCB.

Members of the Executive Committee, as it is the case for employees, are also entitled to an extra-legal pension plan and other benefits and perquisites, the levels and forms of which are guided by competitive market practices in the country of the employment contract.

The base salary for each member of the Executive Committee is reviewed on an annual basis by the GNCC. The level of base salary is determined in consideration of individual sustained performance and impact as well as the level of skill and experience of each Executive Committee member. These criteria are then considered in view of the evolution of market benchmarks for comparable roles.

An assessment of the individual performance of the Chair of the Executive Committee and members of the Executive Committee is subject to deliberation by the GNCC.

The variable part of the remuneration is based on criteria of individual performance and UCB Group performance, both financial and non-financial, in view of Company strategic priorities. The targets relating to UCB group and the CEO's objectives are set at the beginning of the year by the GNCC and approved by the Board. The Executive Committee member individual objectives are approved by the CEO.

Once a year, members of the Executive Committee are awarded both short-term and long-term incentives depending on their performance over the performance period. For long-term incentives, this consists of a number of UCB performance shares and options, as per the rules of plans approved by the Board. For each member, the GNCC determines the number of long-term incentives to be awarded, and this number may vary in accordance with individual performance and is communicated on an individual basis to the Board.

The short-term and long-term incentives are subject to a cap.

Executive Committee members benefit, as do other UCB employees, from company pension plans which aim to provide market competitive retirement benefits. UCB's philosophy is to offer defined contributions plans. While some Executive Committee members may be eligible to participate in defined benefit plans based on their original employment contracts, these are closed to new entrants since several years.

5.4.2. Disclosure of remuneration

The Company publishes a Remuneration Report in the Corporate Governance Statement of its annual report. The Remuneration Report will disclose all information required by law, including:

1. on an individual basis, the remuneration and other benefits granted directly or indirectly to the Chair of the Executive Committee, by UCB or any other affiliate belonging to the UCB Group with a split between:
 - base salary;
 - short-term incentive (bonus): any incentive relating to the financial reported year;
 - long-term incentive (number of UCB shares awards and options); and
 - other components of the remuneration, such as cost of pension, insurance coverage, monetary value of other fringe benefits, with an explanation and if appropriate, the amounts of the main components;
2. on an aggregated basis, the remuneration and other benefits granted directly or indirectly to all the other members of the Executive Committee by UCB or any other affiliate belonging to the UCB Group with a split between:
 - base salaries;
 - short-term incentive (bonus): any incentive relating to the financial reported year; and
 - other components of the remuneration, such as cost of pension, insurance coverage, monetary value of other fringe benefits, with an explanation and if appropriate, the amounts of the main components;
3. on an individual basis for each member of the Executive Committee the number and key features of share options or any other right to acquire shares, or cash equivalent in phantom plans, granted during the financial year;
4. on an individual basis for each member of the Executive Committee the number and value of long-term incentives vested or exercised during the during the financial year;
5. on an individual basis for each member of the Executive Committee the number of long-term incentives to be granted in the coming financial year;
6. the main contractual terms on hiring and termination arrangements for each member of the Executive Committee.

6. External audit

6.1. Roles and responsibilities of the External Auditor(s)

The duties, powers and responsibilities of the External Auditor(s) are defined by law and by the Articles of Association of UCB.

6.2. Appointment of the External Auditor(s)

According to Belgian Law the External Auditor(s) of the UCB Group and UCB is (are) appointed for three years by the General Meeting of Shareholders upon proposal of the candidate(s) by the Board and on presentation of the Work Councils. His/her (their) terms may be renewed, subject to certain limitation as provided for in the applicable laws and regulations. The Board makes these proposals for appointment upon the recommendation of the Audit Committee which is responsible for the selection process.

Since the Shareholders' meeting held in 2009, the External Auditor of UCB is one global audit firm represented by a permanent representative.

6.3. Independence of the External Auditor(s)

By decision of the Board on a proposal of the Audit Committee and according to Corporate Governance best practices, the Auditor(s) and the companies with which he or she (they) is (are) associated, carry out only activities that are permitted under Belgian law, that will not impair his/her (their) independence and which have been approved in advance under the limits established by the Audit Committee.

The Audit Committee examines on a regular basis, a report from the External Auditor(s) describing the services rendered by the Auditor(s) and the related fees.

The Board is of the opinion that the renewal for more than one term of the External Auditor(s) term, and subject to the applicable legal limitations, is not of such nature as to affect his/her/their independence; to the contrary their experience within/ and knowledge of the UCB Group, of its control and reporting processes are considered a key asset in efficiency and cost-effectiveness.

6.4. Remuneration of External Auditor(s)

According to the law the General Meeting of Shareholders sets the emoluments of the External Auditor(s) for the whole term (three years) of his/her (their) appointment which is a fixed amount.

The annual fees of the External Auditor(s) for the audit of the UCB Group's consolidated accounts and of UCB's statutory accounts are disclosed in the relevant annual report.

On an annual basis, the Audit Committee examines and approves if necessary the additional fees charged by the External Auditor(s) to UCB or to the UCB Group's affiliates in excess of the fees approved by the General Meeting of Shareholders and to be disclosed, according to the law, in UCB's relevant annual report.

7. Rules of business conduct and ethics

Ethical conduct is vital to a corporation's sustainability and long-term success in several ways, including enhancing organizational effectiveness (e.g., through heightened trust and cooperation) reducing the risk of damaging misconduct and strengthening UCB's reputation. In view of ensuring that a strong ethics framework is in place the Board has approved a set of ethical principles and rules of conduct in the most sensitive areas. Good ethics practices originate at the top and flow down through the organization; in every circumstance Board members and management adhere to unimpeachable ethical standards.

7.1. Conflict of Interests rules (for the Board members specific rules see [3.3.4.](#))

Each Member of the Executive Committee acts without conflict and always puts the interests of UCB before his/her individual interests. He/she acts according to the principles of reasonableness and fairness.

If a member of the Executive Committee has a proprietary or personal interest in a decision or transaction that conflicts with the interests of UCB, he or she informs, at the beginning of the Executive Committee meeting, the Chair of the Committee and he or she may not take part in the deliberations or voting on that matter. The minutes relating to the discussion and decision concerning the issue, object of the conflict will mention the abstention and the nature of the conflict.

Each year the Committee members make a report to the Secretary General, as the case may be, all relationships, proprietary or personal, between them or the companies with which they (or a close family member) have a close link (such as an executive function, a directorship, a controlling shareholding), and UCB or its affiliates.

7.2. Confidentiality of inside information

The Directors, managers and employees undertake to maintain the confidentiality of information and deliberations. Confidential inside information whether it relates to UCB or to a third party will only be used for the purpose it has been provided for and will be treated in accordance with the applicable market abuse legislation. It will only be passed on to others if necessary in view of this purpose and the proper execution of the projected tasks and subject to any condition imposed by law.

7.3. Private investment transactions and trading in UCB's shares

Confidential inside information whether it relates to UCB or to a third party will not be used by employees (Directors, Executive management and other employees) for personal benefit. The Board has approved a Dealing Code which is available on www.ucb.com. UCB will disclose inside information to the market in accordance with the applicable Market Abuse regulations.