Integrated Annual Report 2021

Innovating for Better Health Together

Date of preparation: February 2022

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

Integrated Annual Report 2021

Innovating for Better Health Together

Welcome to our Integrated Annual Report 2021

Our Integrated Annual Report 2021 – Innovating for Better Health Together – aims to provide all interested stakeholders with the best possible information on how UCB is creating value for patients with severe diseases, for our employees, for communities, for the planet and for our shareholders, now and into the future.

About this report

This Integrated Annual Report 2021 includes the management report in accordance with article 12 of the Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a regulated market. All information required to be included in such management report pursuant to articles 3:6 and 3:32 of the Belgian Code of Companies and Associations (i.e. Corporate Governance Statement – Remuneration Report included –, Business Performance Review and UCB's Statement on extra-financial information) is reported throughout all different sections of this Integrated Annual Report. This Integrated Annual Report together with the materiality assessment have been prepared in accordance with the Global Reporting Standards core option and extra-financial information is audited by a third party. SASB Standards provided by the Value Reporting Foundation were also used as reference. In addition, we support the recommendation of the Task Force Climate-Related Financial Disclosure (TCFD) and UCB first TCFD disclosure can be found in the Data & Reporting chapter of this report.

UCB is in scope of the EU Taxonomy Regulation, as a listed company with more than 500 employees. We have examined the Taxonomy-eligible economic activities listed in the Climate Delegated Act and after review, we currently consider that our core economic activities are not covered by the EU Taxonomy Regulation's technical annexes on climate change mitigation and climate change adaptation. We will continue to monitor any future reporting obligations and its impact.

This document contains information on investigational drug products that have not been approved for any use by any authority in the world or new indications for approved products The safety and efficacy of these investigational drug products or new indications has yet to be established.

Contents

Key Figures

5 777

Revenue in € million

(2020: 5 347)

28%

R&D/revenue ratio

(2020: 29%)

28%

adj. EBITDA/ revenue ratio

(2020: 27%)

>3.7 million

people have accessed our solutions

7

late stage assets in clinical pipeline

(2020: 5)

*Positive results from **6** Phase III studies*

8 561

UCB employees worldwide

(2020: 8 371)

***1 147** newcomers in 2021*

-62%

Reduction in CO_2 emissions[1]

(2020: -60%)

ESG RATINGS[2]

Sustainalytics rating: **16.8**

MSCI rating: **A**

ISS ESG rating: **C+**

CDP rating:
*Water Security: **B***
*Climate Change: **B***

1 CO_2 emissions UCB directly controls compared to 2015 baseline.

2 Ratings at the date of publication of this report

UCB
At a Glance

We want to give people with severe diseases the freedom to live the best life they can - as free as possible from the challenges and uncertainty of diseases. We aspire to work in a way that is sustainable for our business, our employees, the communities around us, and the planet.

Letter to our stakeholders

Dear patients, colleagues, shareholders, and representatives from communities where we work and live,

If there's one lesson to take away from 2021 – a year in which the world continued to navigate the ongoing COVID-19 pandemic – **it is that events that compromise our health and wellbeing impact every sector and segment of society.** Investing in health to make progress towards a healthier and more equitable society and a healthier planet for future generations is therefore an investment into a better future for all.

At UCB, making a positive impact on society is part of our core mission. That's why we look to drive sustainable growth with solutions that make real improvements to people's lives. This year's Integrated Annual Report theme – **Innovating for Better Health Together** – reflects our commitment to working together with partners across the healthcare value chain to deliver these innovative solutions to people living with severe diseases, anchored in a strong sense of purpose.

It also speaks to our belief that as well as creating value for patients, we need to create value for our employees, our shareholders, and our communities, all while respecting the planet.

This is how we work to enable people living with severe diseases to live the best life they can – a life that is as free as possible from the challenges and uncertainty of diseases.

By the numbers

In 2021, we touched on the lives of over 3.7 million patients around the world by ensuring continuity of supply and distribution chains, despite the ongoing COVID-19 pandemic. We continued to expand access to our solutions, and track progress through our Access Performance Index. Most notably, our new solution BIMZELX® ▼(*bimekizumab*) was approved in the EU[1] and Great Britain (GB)[2] for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy– connecting the unmet needs of patients with innovative biological research and cutting-edge science. In Japan, BIMZELX® was approved for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

This translated into another year of strong financial growth for UCB, with revenue reaching €5.78 billion (+8%; +10% at CER[3]) and net sales going up by 8% to €5.47 billion (+11% CER), driven by continued growth of our product portfolio.

Underlying profitability (adjusted EBITDA) reached €1.64 billion (+14%; +21% CER), driven by continued revenue growth and moderately growing operating expenses, reflecting the investments into the future of UCB, namely into product launches and clinical development. In line with this performance, the Board of Directors of UCB proposes a dividend of €1.30 per share (gross), +2%.

What's more, we continued to integrate sustainability for business and societal impact, resulting in steadily improving our environmental, social and governance (ESG) ratings with ISS ESG, WDI and CDP. Sustainalytics upgraded UCB's ESG risk rating score from medium- to low-risk level (16.8), sending a clear external validation of our progress in creating more sustainable value for stakeholders.

Our pipeline, products and partnerships

When it comes to our solutions for patients, several exciting achievements came to fruition over the past months. Crucially, adult patients with **moderate to severe plaque psoriasis** (PsO) in Europe now have further treatment options available, with the approval in the EU[1] and Great Britain[2] of our new solution **BIMZELX®** (*bimekizumab*) in those who are candidates for systemic therapy. In addition, phase 3 studies[4,5,6,7] evaluating *bimekizumab* for the treatment of psoriatic arthritis and across the spectrum of axial spondyloarthritis (nr-axSpA; r-axSpA) are ongoing and have reported positive top-line results.*

Efforts to offer new treatment options to **patients with generalized myasthenia gravis** (gMG) also continued at pace, with positive top line results from our MycarinG study[8] investigating the efficacy and safety of *rozanolixizumab***. Our phase 3 RAISE study[9], investigating efficacy and safety of *zilucoplan*** in patients with gMG, demonstrated positive topline results too. These two treatment options have the potential to offer flexibility to patients and healthcare professionals, delivering new and innovative solutions to suit individual needs among the gMG community.

And of course, we continued to build on our strong heritage in supporting **people living with epilepsy,** expanding our expertise in the pediatric population to address the unmet needs of the youngest patients. Both BRIVIACT® (*brivaracetam*) and VIMPAT® (*lacosamide*) were approved by the U.S. Food and Drug Administration[10] for the treatment of partial-onset seizures in patients one month of age and older.

Meanwhile, adults, adolescents and children from 4 years of age living with **idiopathic generalized epilepsy** in Japan and Australia can now benefit from the launch of VIMPAT® as an adjunctive therapy in the treatment of primary generalized tonic-clonic seizures. We established a new social business approach to improve epilepsy care for underserved patients with a first pilot in Mumbai, India. In the year ahead, we aim to close the planned acquisition of Zogenix, Inc., to continue to bring new and innovative treatment options to people living with epilepsy.

▼ This medicinal product is subject to additional monitoring. This will allow quick identification of new safety information. Healthcare professionals are asked to report any suspected adverse reactions

* Is an investigational drug product that has not been approved for any use by any authority in the world for PsA and axSpA.

** Is an investigational drug product and its safety and efficacy has not yet been established and has not been approved for any use by any authority in the world.

The year saw us advance with multiple partnerships and initiatives to deepen the value we create for patients now and into the future, particularly in the area of **digital care transformation**. We announced an expanded, multi-year collaboration with **Microsoft**, which brings together Microsoft's computational, cloud and AI services with UCB's drug discovery and development capabilities, to discover new medicines in a more efficient and innovative way. We launched **Nile AI, Inc**., a new independent company developing an epilepsy care management platform to make the journey of every epilepsy patient more predictable – building on our long heritage of leadership in epilepsy to meet the challenges of the future. And we announced that we will be licensing our home-grown AI-based solution, **BoneBot**, which screens for vertebral fractures, to **ImageBiopsy Lab** for further development and launch. This will enable earlier diagnosis and treatment of spinal fractures and potentially reduce the co-morbidities associated with osteoporosis.

Partnering with other players in the healthcare ecosystem is allowing us to bring value to patients in new ways. We signed an agreement with **Novartis** to co-develop and market two disease-modifying treatments for people with **Parkinson's disease** (PD). We have now fully integrated **Handl Therapeutics** BV, a rapidly growing and transformative **gene therapy** company based in Leuven, Belgium. Alongside our previous acquisition of **Lacerta Therapeutics**, this is allowing us to advance our ambitions in gene therapy as a means to eventually move from symptomatic treatment towards disease modification and cures for severe chronic diseases.

Working together for and with our people, our communities and the planet

As we enter the third year of the COVID-19 pandemic, the word which springs to mind when we think of our colleagues is **resilience**. UCB employees have gone above and beyond to deliver for people with severe diseases and continue to create value for society even in challenging conditions.

We work to enable people living with severe diseases to live the best life they can – a life that is as free as possible from the challenges and uncertainty of diseases.

Stefan Oschmann

1 https://www.ema.europa.eu/en
2 https://products.mhra.gov.uk/
3 Constant exchange rates.
4 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE OPTIMAL). Available at: https://clinicaltrials.gov/ct2/show/NCT03895203. Accessed 11 February 2022.
5 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE COMPLETE). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03896581. Accessed 11 February 2022.
6 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Ankylosing Spondylitis (BE MOBILE 2). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03928743. Accessed 11 February 2022.
7 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Nonradiographic Axial Spondyloarthritis (BE MOBILE 1). Available at: https://clinicaltrials.gov/ct2/show/NCT03928704. Accessed 11 February 2022.
8 Clinical Trials.gov 'A Study to Test Efficacy and Safety of *Rozanolixizumab* in Adult Patients With Generalized Myasthenia Gravis': Available at: https://clinicaltrials.gov/ct2/show/NCT03971422. Accessed 11 February 2022.
9 Clinical Trials.gov 'Safety, Tolerability, and Efficacy of *Zilucoplan* in Subjects With Generalized Myasthenia Gravis (RAISE)': Available at: https://clinicaltrials.gov/ct2/show/NCT04115293. Accessed 11 February 2022.
10 https://www.accessdata.fda.gov/scripts/cder/daf/

To support our people and continue to foster a diverse, inclusive and engaging working environment for all, we rolled out a number of foundational initiatives in 2021. Thousands of colleagues are set to benefit from our new **hybrid working model**, providing those who can work from home with the flexibility they need, while still nurturing our culture of collaboration and curiosity. With an increased Health, Safety and Wellbeing Index score of 81.9% (78.4% in 2020), we exemplify our **focus on health, safety and wellbeing for everyone at UCB** and will use these results obtained to continue shaping global and local programs, so that our people can thrive at work.

Alongside this, we continued our efforts to embed **diversity, equity and inclusion** (DE&I) principles in our daily work, grounded in new DE&I Indexes in development to track progress. We aim to inspire a culture of inclusion, both among our people and in everything we do. To that end, we are actively **working to make our clinical trials more inclusive and accessible** to patients in underrepresented communities, through decentralized clinical trials (DCTs) which make up almost 20% of our active clinical trials.

Expanding our impact in the communities where we live and work is part of our commitment to addressing global challenges at the intersection of our business strategy and wider societal interests. In 2021, we reinforced our collaboration with our suppliers to improve our joint performance on environmental protection, labor, human rights, and ethical business practices. We continued our philanthropic contribution to improve the mental health of vulnerable young people through the **UCB Community Health Fund that has supported 99 projects worldwide since it was created in 2020**; and we maintained our commitment to strengthening healthcare systems in low- and medium-income settings under the **UCB Innovation for Health Equity Fund**.

Jean-Christophe Tellier

It is clear that protecting human health also means safeguarding the health of our planet. As our portfolio and pipeline continue to grow, **we are on track to uncouple our growth from our environmental footprint**. In 2021, we reduced CO_2 emissions we directly control by 7% compared to 2020, bringing our reduction to 62% compared to 2015. This commitment extends to our goods and services suppliers, with 23% of our suppliers (by emission) agreeing to set their own engagement targets to shift towards a low-carbon economy, aligned with the Science Based Targets initiative (SBTi).

Looking ahead to deliver on our ambitions

We are confident in our ability to deliver on our future ambition to lead in five specific populations (patients living with partial onset/ focal epileptic seizures, psoriatic arthritis, myasthenia gravis; patients experiencing osteoporosis-related fractures; and women of childbearing age living with immune-inflammation and/or epilepsy).

We are entering a transition phase, followed by accelerated company growth. Our financial guidance for 2022: we are aiming for revenue in the range of € 5.15 – 5.4 billion and an underlying profitability (adj. EBITDA) in the range of 26 - 27% of total revenue. By 2025, we want to achieve at least €6 billion in annual revenues, a low-mid-thirties adj. EBITDA margin, and improve our ESG rating performance even further.

Thanks to our investment in the next generation of science and technologies and our engagement with partners across society to create sustainable impact, we are exploring new therapeutic solutions such as gene therapy, to address unmet needs of people living with severe diseases, while still building on our core heritage and areas of expertise.

As society faces significant challenges, from the rise of social inequalities to climate change, it seems clear to us that greater collaboration is the only way forward. Every company, country and citizen is interconnected – what one of us does impacts the others.

That's why we would like to thank you for being part of this shared journey in 2021, and for your continued trust and support in UCB. As we seek to improve the wellbeing of our societies, it is vital that we do so together, building on our shared experiences and expertise to advance better health for all.

This is how we stay true to our purpose, to create value for patients – now and into the future.

Stefan Oschmann, Chair of the Board
Jean-Christophe Tellier, Chief Executive Officer

> We touched on the lives of over 3.7 million patients and delivered another year of strong financial growth for UCB.

Our purpose

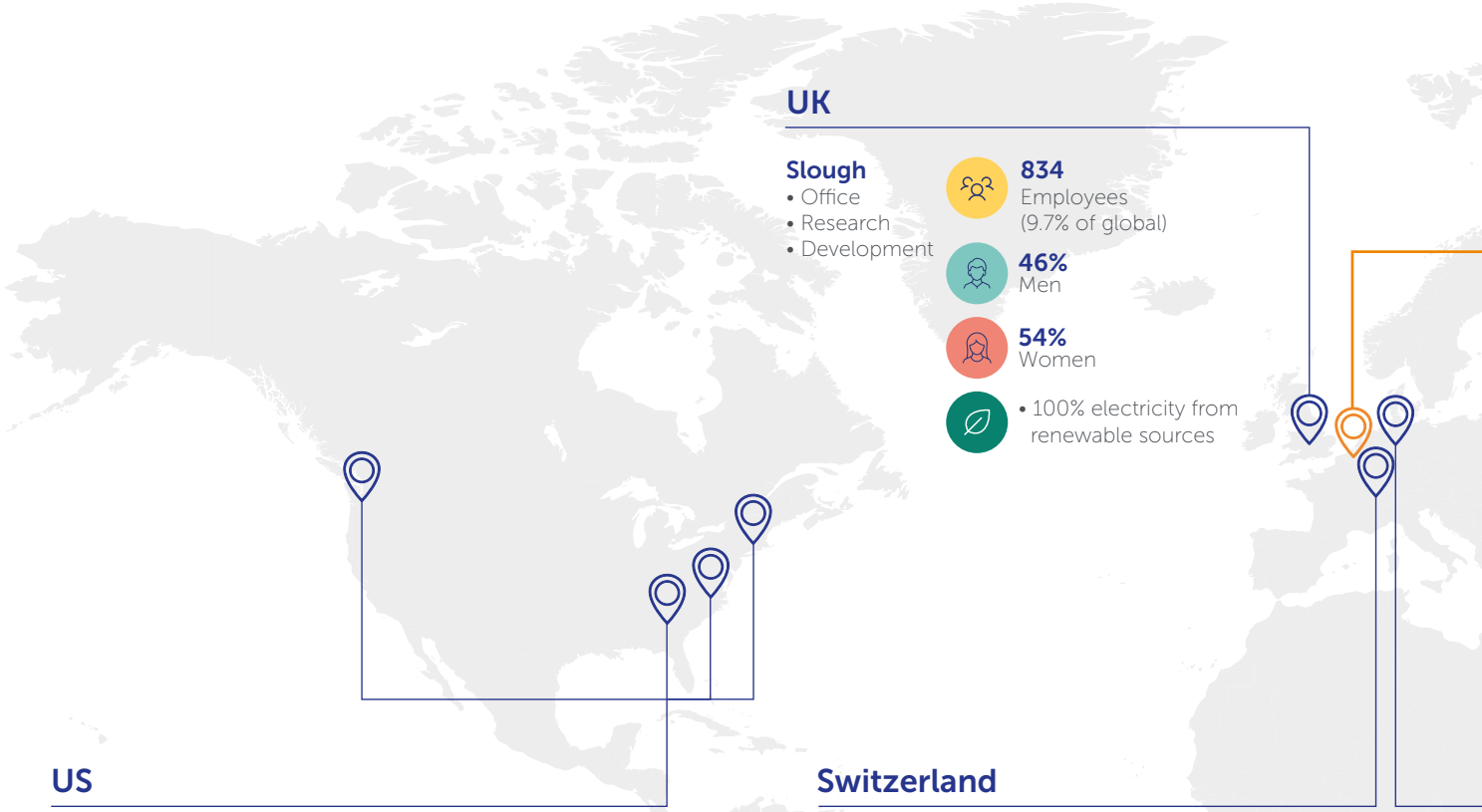
We create value for patients now and into the future.

At UCB, we want to give people with severe diseases the freedom to live the best life they can - as free as possible from the challenges and uncertainty of diseases. We work in a way that is sustainable as we care for the patients who need our solutions, for our employees, for the communities where we live and work, for our shareholders, and for the planet.

With more than 90 years behind us, we are looking to the future.

Where we are

UCB has its headquarters in Belgium and our 8 561 colleagues[1] across 36 markets put patients at the heart of everything they do.



UK

Slough
- Office
- Research
- Development

834 Employees (9.7% of global)

46% Men

54% Women

- 100% electricity from renewable sources

US

Atlanta, GA
- Office

Boston, MA
- Research

Raleigh, NC
- Development

Seattle, WA
- Research

1 593 Employees (18.6% of global)

43% Men

57% Women

- 100% electricity from renewable sources (Atlanta)

Switzerland

Bulle
- Office
- Production

563 Employees (6.6% of global)

64% Men

36% Women

- ISO 14001 certified
- ISO 45001 certified
- 100% electricity from renewable sources

Rest of Europe

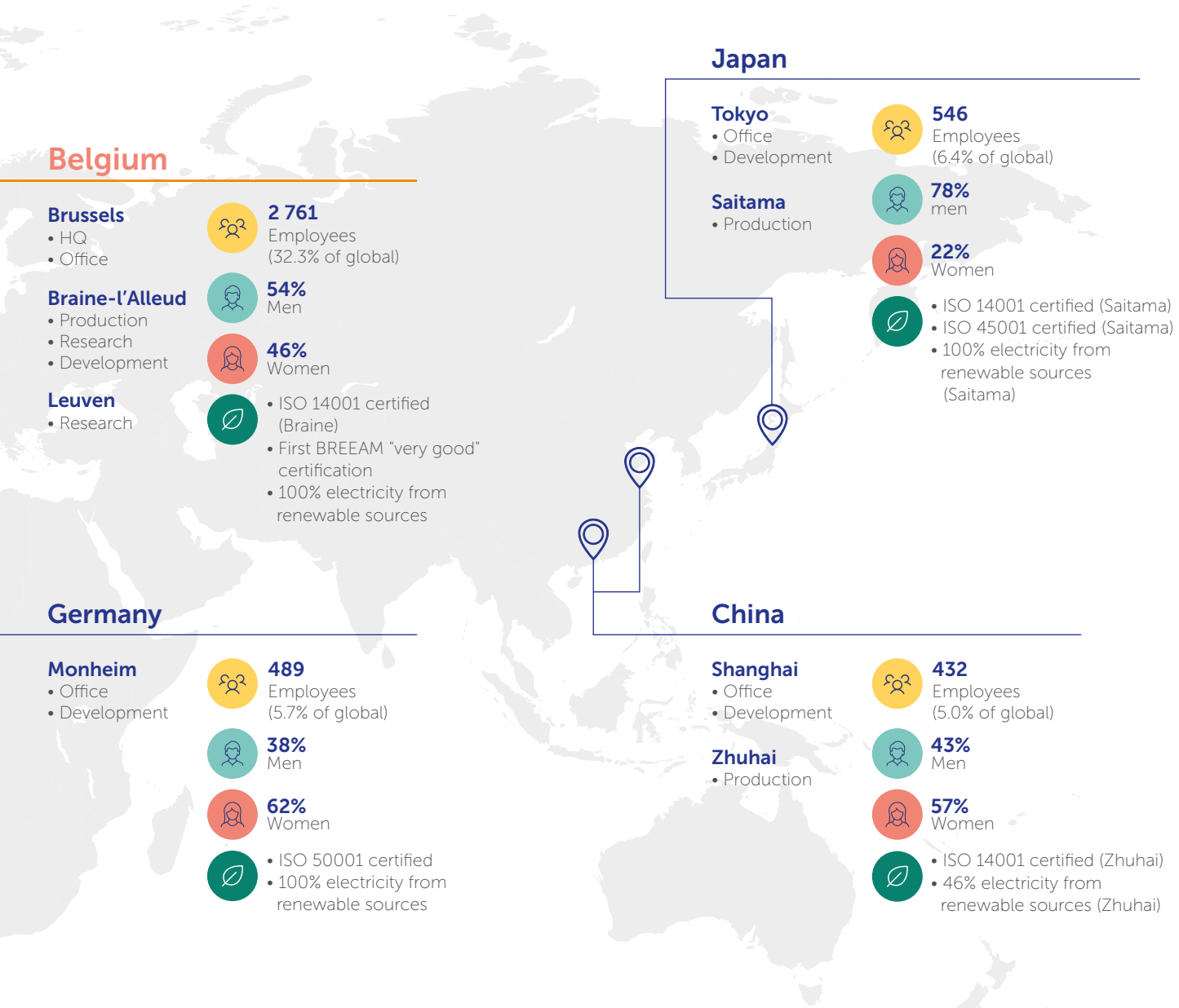
UCB has offices in
Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden

757 Employees (8.8% of global)

38% Men

62% Women

1 Scope of reporting: this number represents all UCB regular active employees as of December 31st, 2021. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.



Belgium

Brussels
- HQ
- Office

Braine-l'Alleud
- Production
- Research
- Development

Leuven
- Research

2 761 Employees (32.3% of global)

54% Men

46% Women

- ISO 14001 certified (Braine)
- First BREEAM "very good" certification
- 100% electricity from renewable sources

Japan

Tokyo
- Office
- Development

Saitama
- Production

546 Employees (6.4% of global)

78% men

22% Women

- ISO 14001 certified (Saitama)
- ISO 45001 certified (Saitama)
- 100% electricity from renewable sources (Saitama)

Germany

Monheim
- Office
- Development

489 Employees (5.7% of global)

38% Men

62% Women

- ISO 50001 certified
- 100% electricity from renewable sources

China

Shanghai
- Office
- Development

Zhuhai
- Production

432 Employees (5.0% of global)

43% Men

57% Women

- ISO 14001 certified (Zhuhai)
- 46% electricity from renewable sources (Zhuhai)

Rest of the World

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

586 Employees (6.8% of global)

44% Men

56% Women

Our ambition

We innovate to deliver **unique outcomes** that help specific patients achieve their life goals, to create the **best individual experience for them**, and to **ensure access** for all patients who need our solutions in a way which is viable for patients, society and UCB.

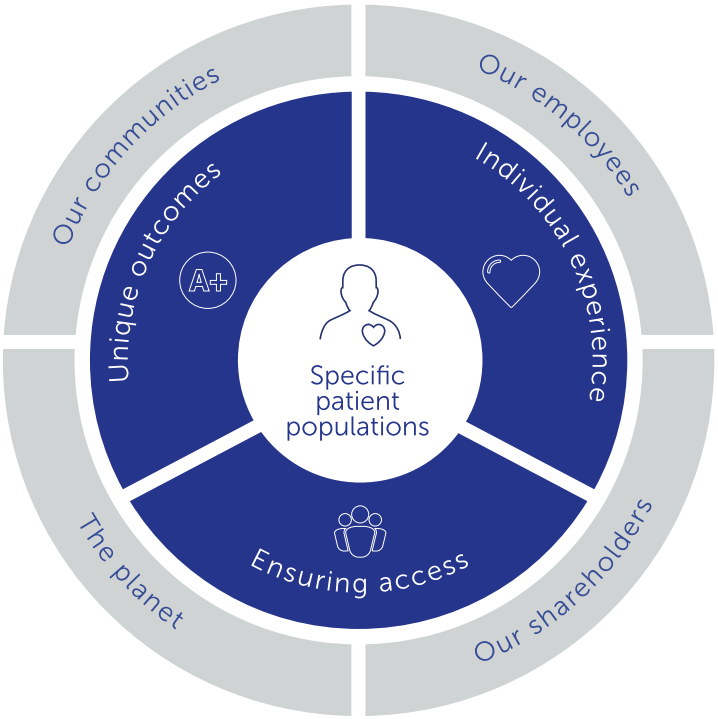
Since UCB's inception 90 years ago, making a positive impact on society has also been part of our core mission. Society currently faces significant challenges that transcend geographical borders and organizational boundaries – from deepening inequalities further entrenched by the COVID-19 pandemic, to the widespread impact of climate change. Every societal actor has a responsibility to take urgent action and play their part in creating a fairer, safer, and healthier society for all.

At UCB, sustainability is our business approach. We aim to create value not only for patients but also for our employees who discover, develop and deliver patient solutions, for the shareholders who invest to fund our work and for the communities where we live and work.

At the same time, we also aim to take care of the planet that we all call home. We are therefore evolving our measure of value creation, integrating both financial and extra-financial elements.

We firmly believe that by maximizing the positive impact we have on society, with patients at the center, we can ensure the success of UCB, now and into the future and contribute to a better world for generations to come.

UCB's ambition



Since UCB's inception 90 years ago, making a positive impact on society has also been part of our core mission.

Our value creation model

At UCB, our operating model places patients and their individual experiences at the heart of everything we do – from discovery to development to delivery of our medicines. We leverage their insights to inform our science and develop innovative and differentiated solutions for specific patient populations.

We strive to optimize the use of our resources (whether human, financial, natural, or other) and leverage our skills and expertise to maximize the value we create for people with severe diseases, our employees, our shareholders, and the communities where we live and work, while also minimizing the impact we have on the planet.

Inputs

Patients

- 8 314 patients in clinical trials[1]
- Engaged with >290 patient organisations
- We strive to engage with patients along the clinical development continuum to ensure we include patient voices and diverse perspectives in our clinical programs

Our People

- 8 561 UCB employees[2]
- 353 R&D scientists[3]
- 50/50 workforce gender ratio

Communities

- >120 global academic non-commercial partnerships[4]
- €4.5 million donated to two UCB philanthropic funds[5]
- >20 000 suppliers

Planet

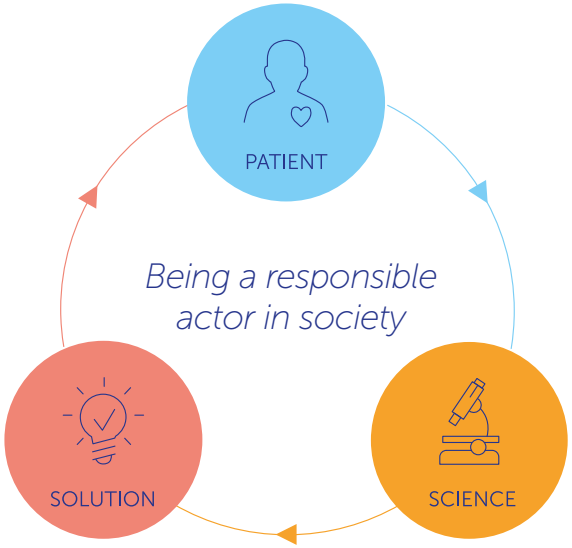
- 971 317 GigaJoules of energy consumed
- 569 827 m³ of water used

Financials

- €997 million Cash flow[6]
- €8.4 billion equity
- €860 million net debt

Our operating model

From Solution to Patient
We strive for a unique patient experience, providing solutions with the highest possible impact.



From Science to Solution
We aim to translate scientific hypotheses into innovative solutions and engage patients in the journey.

From Patient to Science
We pursue a deep understanding of patient sub-populations to develop an original scientific hypothesis.

Outcomes

Patients

- >3.7 million patients
- 31% reimbursement for all patients within regulatory label and 55% reimbursement for some, but not all patients within regulatory label
- >100 launches[7]
- 7 late-stage assets in pipeline[8]

Our People

- 1 359 jobs created[9]
- 11.7% turnover rate[10]

Communities

- 176 publications[11]
- 99 projects supported by the UCB Community Health Fund
- € 170 million income tax

Planet

- 7% reduction in CO_2 emissions in 2021 (and 62% reduction since 2015)
- 5 950 tons of waste

Financials

- €1 641 million of adjusted EBITDA
- Dividend proposal of €1.30 per share

As a responsible actor in society, we create value while respecting and playing our part in achieving the UN Sustainable Development Goals (SDGs), in collaboration with all relevant partners. Being a signatory to the UN Global Compact, we commit to follow its 10 principles and we endorse the achievements of the UN SDGs.

We focus on Good health and wellbeing (SDG #3), and Partnership for the goals (SDG #17) because we believe this is where we can have the biggest impact, while still contributing to other goals.

To better understand our overall contribution to the 2030 United Nations Agenda for Sustainable Development, see our GRI tables with SDGs mapped per topic. This report is also used as our Communication on Progress for the UN Global Compact.

1 This is calculated from the cumulated patients that entered treatment through 2021, minus the sum of the cumulative patients that dropped or completed treatment through 2020, for all active Phase I-IV studies.
2 This number represents all UCB regular active employees as of December 31st, 2021. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data
3 Includes all employees belonging to the job family Research & Early Development and all scientist related job codes/having "scientist" in their job title.
4 Include academic institutions, studentships, collaborative research and non-commercial partnerships such as research consortia (eg IMI), academic societies.
5 Donated over 2020-2021, includes UCB Community Health Fund and UCB Innovation for Health Equity Fund.
6 Cash Flow generation before dividend, acquisition/divestment & paying back debt.
7 New launch is defined as new product entry and/or indication expansion in a country.
8 Only includes assets that have progressed into phase 2 and beyond.
9 This figure represents the number of roles that are created in UCB within a specific time period and are filled by a candidate following an active recruitment process regardless of the candidate's source (internal or external) at all levels of the organization. This figure broadly represents the number of UCB opportunities created and subsequently filled across all our geographies and it excludes contingency workforces, contractors and consultants.
10 Incudes voluntary and involuntary.
11 UCB-authored publications in 2021 (only full papers).

Updating our materiality assessment

To play our part in creating a more sustainable future for society, we want to focus on the areas where we have the most potential to deliver impact, given our specific skills, expertise and heritage.

To identify these topics, we conduct regular materiality analyses. A materiality assessment is a formal process to identify, refine and assess environmental, social and governance topics, which matter most to a company's internal and external stakeholders and which have an impact on business performance. The insights from this assessment are then used to inform company strategy, risk assessment and reporting.

Our 2019 materiality assessment informed our approach to integrating sustainability into our business strategy and to updating our performance measurement metrics. In 2021, rapid changes in society driven by the COVID-19 pandemic spurred us to update our materiality assessment, building mostly on an extensive literature review and the engagement of a group of emerging leaders, our External Sustainability Advisory Board and the UCB Sustainability Governance Committee. This update fulfils the requirements of the Global Reporting Initiative (GRI). More information on the process followed for our 2021 materiality update can be found on UCB's corporate page.

Our Top 10 Material Sustainability Topics

Our methodology for our 2021 materiality update differed from 2019, as we focused on understanding how the topics prioritized in 2019 have evolved. Ten topics were identified, ranked and prioritized, based on their business impact and relevance to our stakeholders.

While nine of these were carried over from our 2019 materiality assessment, a new addition to the list of primary topics for 2021 was Product Safety and Quality. This is a topic which is increasingly in the spotlight, given the scrutiny around COVID-19 vaccine safety. Counterfeiting and misinformation are also amplifying the importance to communicate about product safety and quality.

Over the course of this report, we demonstrate how we adapt our business approach to address each of our material topics. For each material topic defined, we comment on the associated risks and our performance, along with describing how the topic is managed.

INCREASING MATERIALITY

Access to Medicines	Enhancing availability, accessibility, and affordability of UCB solutions for the patients who need and can benefit from them in order to allow patients to live their best lives and reduce health inequities.
Scientific Innovation	Innovating to bring to patients differentiated and accessible solutions that meet patient and societal needs.
Product Safety & Quality	Ensuring the safety and quality of UCB solutions and timely communication of safety or quality topics.
Data & Technology	Leveraging digital technologies, including data collection and analysis, to generate and better measure impact, while still protecting data security and privacy.
Ethical Business Practices	Embedding ethical business practices across the organization and driving integrity and transparency in interactions with stakeholders, including respect of human rights.
Employee Health, Safety & Wellbeing	Improving UCB employees' health, safety and wellbeing across all our geographies, including by adapting ways of working.
Healthcare System Strengthening	Contributing to improving healthcare-related infrastructure and services as well as evidence-based policies to enable delivery of care.
Environmental Footprint	Protecting the health of the planet by reducing the negative impact of UCB's activities and solutions on the environment across the company's value chain.
Diversity, Equity & Inclusion	Empowering employees by cultivating diversity and creating the right conditions for all employees to bring their best to work.
Employee Development	Offering UCB employees the best opportunities to develop their knowledge and skills.

Highlights

Launch of BIMZELX® (*bimekizumab*)

Our new solution BIMZELX® was approved in the EU[1] and Great Britain[2] for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy. In Japan, BIMZELX® was approved for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

We announced positive top-line results from Phase 3 studies evaluating the efficacy and safety of *bimekizumab* in adults with psoriatic arthritis[3,4] radiographic axial spondyloarthritis (r-axSpA), also known as ankylosing spondylitis (AS), and non-radiographic axial spondyloarthritis (nr-axSpA).[5,6,**]

Promising results in generalized myasthenia gravis (gMG)

We observed positive topline results from our MycarinG[7] study investigating the efficacy and safety of *rozanolixizumab*# in patients with generalized myasthenia gravis (gMG).

We also achieved positive top-line results for our developmental medicine *zilucoplan*, a peptide inhibitor of complement component 5 (C5 inhibitor), which could deliver patient value to people living with gMG.

Creation of Nile AI to transform epilepsy care

We announced the launch of Nile AI, Inc., a new independent company which is developing an epilepsy care management platform to help make the journey of every epilepsy patient more predictable.

Digitilizing drug discovery with Microsoft

UCB and Microsoft announced a multi-year, strategic collaboration to combine Microsoft's computational abilities and expertise with UCB's drug discovery and development capabilities, to discover new medicines in a more innovative way.

Partnering with Novartis to advance treatment for Parkinson's

We announced a partnership with Novartis to co-develop two drug candidates for Parkinson's disease.

Acquisition of *Zogenix*

We entered into an agreement to acquire Zogenix, Inc., a global biopharmaceutical company commercializing and developing therapies for rare diseases.

rozanolixizumab is an investigational drug product and its safety and efficacy have not yet been established. *Rozanolixizumab* has not been approved for any use by any authority in the world.

** the safety and efficacy of *bimekizumab* have not been established in PsA, r-axSpA and nr-axSpA, and it is not approved for use by any regulatory authority worldwide for these indications

1 https://www.ema.europa.eu/en

2 https://products.mhra.gov.uk/

3 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE OPTIMAL). Available at: https://clinicaltrials.gov/ct2/show/NCT03895203. Accessed 11 February 2022.

4 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE COMPLETE). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03896581. Accessed 11 February 2022.

5 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Ankylosing Spondylitis (BE MOBILE 2). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03928743. Accessed 11 February 2022.

6 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Nonradiographic Axial Spondyloarthritis (BE MOBILE 1). Available at: https://clinicaltrials.gov/ct2/show/NCT03928704. Accessed 11 February 2022.

7 Clinical Trials.gov 'A Study to Test Efficacy and Safety of *Rozanolixizumab* in Adult Patients With Generalized Myasthenia Gravis': https://clinicaltrials.gov/ct2/show/NCT03971422. Accessed 11 February 2022.

Our performance

	2019	2020	2021
Financial Performance			
Sustainable growth			
Revenue (€ million)	4 913	5 347	**5 777**
Adjusted EBITDA/revenue ratio	29%	27%	**28%**
R&D expense/revenue ratio	26%	29%	**28%**
Extra-financial Performance			
Value for Patients			
# Late stage assets in pipeline[1]	4	5	**7**
Access Performance Index			
Reimbursement for all patients within regulatory label	n/a	30%	**31%**
Reimbursement for some, but not all patients within regulatory label	n/a	54%	**55%**
No reimbursement, or reimbursement is pending	n/a	16%	**14%**
Value for People			
Health, Safety and Wellbeing Index	n/a	78.4%	**81.9%**
Gender Diversity			
% Female/male [whole company]	50%/50%	50%/50%	**50%/50%**
% Female/male [executive level]	33%/67%	34%/66%	**37%/63%**
% Female/male [board]	38%/62%	38%/62%	**36%/64%**
Value for Planet			
Absolute reduction in carbon emissions for operations we directly control[2]	-35%	-60%	**-62%**
% of emissions from suppliers covered by Sciences Based Targets alike	10%	12%	**23%**
Absolute reduction in water withdrawal[3]	-27%	-30%	**-29%**

1 This number includes assets that have progressed to phase 2 and beyond

2 CO_2 emissions UCB directly controls compared to 2015 baseline.

3 Water withdrawal reduction compared to 2015 baseline.

The financial and extra-financial data are reported for the period 1 January – 31 December. Financial data is reported semi-annually, and extra-financial data is reported annually. The last UCB Annual Integrated Report was published on February 25, 2021.

At UCB, we place patients and their individual experiences at the heart of everything we do.

Working towards the future

By 2025, we want to lead in five specific patient populations:

Patients living with partial onset/focal epileptic seizures

Patients living with psoriatic arthritis

Patients experiencing osteoporosis-related fractures

Women of childbearing age living with immuno-inflammation and/or epilepsy

Patients living with myasthenia gravis

In line with this aim, we want by 2025 to have achieved a revenue of at least €6bn, an adjusted EBITDA margin in the low- to mid-thirties and a continued improvement in our ESG rating performance.

As we look to the future, we aspire to move from symptomatic treatments to disease modification, and eventually, towards a cure for several severe chronic diseases.

We aim to do this by continuing to engage within UCB and across society, co-creating sustainable impact, and attracting the next generation of talent which will lead the next generation of science and technologies.

Together for Patients

We innovate to bring differentiated solutions with unique outcomes that help specific patients achieve their life goals. By doing so, we aim to create value now and into the future.


KED
EARLYRIDER

Innovating for patients with severe diseases

Our approach

We are driven by our commitment to people living with severe diseases who inspire our work across neurology, immunology, and other areas where our expertise, innovation and ambition align with unmet needs, allowing us to achieve our ambition for patients.

Research and development (R&D) form the foundations of our innovation. Based on a deep understanding of disease biology and patient reality, we are combining today's transformative science with our leadership capabilities to rapidly discover, develop and deliver highly differentiated medicines.

At UCB, we aim to connect the patient with everything we do, as much as possible and this approach is instrumental in allowing us to innovate and differentiate, so that we can provide additional value for those we serve. We continually advance our understanding of human and disease biology while constantly learning from the patients and the information they provide. This gives us a deeper appreciation of patients' burden of disease so that we constantly keep these considerations top of mind and strive to turn our science into medicines that make a difference to their daily lives.

We will continue our efforts to constantly raise the bar, to be even more connected with the external world, and to be more engaged with patients.

UCB has a strong culture of innovation; it forms the foundation for our future. To this end, we continuously monitor disruptive technologies, keep pace with evolving science, upgrade our therapeutic modality platforms and embrace adaptive clinical study design. Together, this ensures that our R&D teams have access to state-of-the-art scientific and digital technologies to aid them in their pursuit of continuous innovation, help accelerate our development timelines and improve patient experiences.

We consistently invest more than a quarter of our revenue annually back into research and development, well above the industry average of around 13% (TK2020 Number).

We forge strong connections and collaborate with patients, caregivers, and healthcare professionals who face these conditions each day – and with peers and partners who share our passion for meeting the challenges of severe diseases. This is how we can continually ensure that our work has the greatest impact, delivering purposeful, intentional innovation and differentiated solutions to all patients who need them and creating value that cannot be expressed in numbers alone.

As we look to develop differentiated solutions with unique outcomes, we are conscious that transforming how we conduct research is a long-term investment, whose benefits are not immediately visible in the short-term (given the average research cycle lasts 3 to 5 years, and the average development cycle lasts 7 to 11 years).

We are also conscious of market- and launch-related risks, notably the entry of biosimilars and generics to the market, the launch of new biologic-based drugs from competitors, and the need for UCB to establish clear value messaging supported by strong evidence as we approach the next wave of new solutions, which may come in quick succession. As we look to develop our product portfolio within different platforms, such as gene therapy, we are aware of the need to deepen our knowledge and expertise in these areas. You can learn more about product and innovation-related risks in the Risk Management section of this report.

Innovation is understanding the patient reality

All pharmaceutical companies are "data-driven" given that they take large pools of data to see what learnings can be extracted from it. At UCB, we are data driven too, but we are also question-led. This helps us connect the patient to our science and we believe it is an approach that better serves patients and allows us to focus on answering the most important questions. Questions like, "How can we improve symptoms and how quickly?", "What is the appropriate dose of a medicine?". Or, "Can we predict future patient response or relapse to a treatment?".

UCB's collaboration with Stanford is a great example of our question-led approach. The collaboration leverages our expertise in discovery, clinical, real-world, omics, and other data sources to advance learning in certain key areas.

Our first project with Stanford focuses on Hidradenitis Suppurative (HS), also known as acne inversa. HS is an immunological skin disease that results in debilitating quality of life for people living with the disease. The treatment journey is often long and complex with delays, misdiagnoses, and ineffective treatment. With our Stanford collaboration, we plan to further examine phenotyping, computational discovery of pathogenic mechanisms, as well as the disease burden and societal experience for people living with severe diseases like HS.

Ultimately, a better understanding of the patient reality and taking a question-led approach drives the focus towards what's most important - using our skills to deliver differentiated solutions that serve our patients.

UCB has a strong culture of innovation; it forms the foundation for our future.

Innovating in research

Our research strategy is anchored in the concept of differentiation, which goes beyond incremental improvement of existing outcomes. We believe that our operating model based on a robust patient-science-solution cycle can lead to unique patient outcomes. We are shifting from a symptom management approach to etiology-based treatments – meaning we are focused on exploring the root causes of disease in order to design solutions which address the underlying pathology. We have a vision to move from symptomatic treatments to disease modification, and eventually, towards cures for several severe chronic diseases.

Our technology platforms

We are continuously evolving our therapeutic modality platform capabilities to improve our ability to design the right solutions for patients ranging from small molecules (NCE, new chemical entities) to biologics (NBE, new biological entities) and gene therapy.

As an example, in 2021, UCB and researchers at the University of Bath, U.K. discovered a new way to produce miniaturized antibodies, opening the way for a potential new class of treatments for diseases. The potential medical implications of the new antibodies' diminutive size are significant, as they may bind to sites on pathogens that regular antibody molecules are too large to latch on to, triggering the destruction of invasive microbes, or may be able to gain access to sites of the body which larger antibodies can't.

Meanwhile, an ongoing collaboration between UCB and researchers at the University of Southampton, U.K. saw the development of a new technology that enhances the natural ability of therapeutic antibodies to attack blood cancer cells. It uses part of the human immune system known as the complement cascade, opening the way for a potential new class of treatments.

Gene therapy at UCB

We are also building on our legacy of expertise in the areas of disease biology and chemistry, by strengthening our capabilities in **gene therapy**. Gene therapy uses modified viruses or other technologies to deliver therapeutic genes to cells or tissues and address genetic diseases at their source. They can work by several mechanisms: they can replace a gene causing a medical problem with a healthy copy of the gene, they can add genes that help fight against or treat disease, or they can turn off the disease-causing gene(s).

Since the first gene therapy trial launched in 1990, we have seen a significant evolution in the field and 30 years later, gene therapy is regarded as an exciting platform towards treatments for patients living with severe diseases that were once considered incurable.

Expanding and strengthening our own gene therapy activities aligns with our overarching ambition to move from symptomatic treatment towards disease modification, and eventually, towards cures for severe chronic diseases. In 2020, our ambition in this area led us to acquire Handl Therapeutics BV, a rapidly growing and transformative gene therapy company based in Leuven, Belgium – a company which was fully integrated into UCB in June 2021. In September 2021, UCB embarked on a partnership with CEVEC to evaluate and gain access to their ELEVECTA® technology, which may enable UCB to develop a scalable, robust and efficient manufacturing of gene therapy vectors.

Embracing all the potential of gene therapy also demands increased collaboration and shared accountability between all healthcare actors and policymakers. At UCB, we are recalibrating our development model for therapies to go beyond a traditional approach, and to allow us to meet new challenges head on, particularly in the area of clinical trials, quality and safety for gene therapy.

Our research hubs

We have globally enabled, locally integrated research hubs in Braine-l'Alleud (Belgium), Slough (United Kingdom), and Boston, Massachusetts (United States) with additional research satellites in Durham, North Carolina and Seattle, Washington (United States), Leuven (Belgium), and Kings College London (United Kingdom). Our clinical development teams are integrated globally with 7 sites across 6 countries (Belgium, China, Germany, Japan, United Kingdom, and United States).

"UCB's ambition for patients relies on our ability to innovate and deliver highly differentiated medicines. Gene therapy can allow us to drive a fundamental change in how diseases are treated, moving us towards disease modification and eventually towards cures, which will allow us to transform the lives of people with severe disease."

Dhaval Patel, Chief Scientific Officer, UCB

Innovating in clinical development

We continue to evolve our interactions with patients, investigators, and caregivers. We are fostering deeper patient partnerships, designing protocols to reduce operational burden and strive to create a positive experience for patients.

Our approach focuses on understanding patients as people and addressing their needs beyond therapeutic treatments. We therefore believe that patients included in UCB clinical trials should be reflective of the population that will ultimately benefit from our new medicines and we continue to measure and improve the diversity baseline of our own clinical trials for phase 3 programs completed in 2021 or being completed in 2022, in comparison to the FDA Drug Trials Snapshots average.

We strive toward inclusive clinical trials by taking actions to address age, gender, race and ethnicity, genetics, geographic location, socio-economic data and more. We also aim to enhance the patient experience by recognizing the collective richness of their unique backgrounds, life and cultural experiences and the diversity of thought this brings.

Through our technological and data driven approaches, we have implemented decentralized clinical trials (DCT) – including virtual studies and site visits, and remote assessments – which are more accessible and easier to participate in for patients, particularly those who have been traditionally underrepresented. With DCTs, overall physical patient visits are reduced and there is an increase in remote-friendly or virtual visits. This innovative approach allows us to leverage telemedicine and mobile apps alongside traditional clinical services.

> "Our data driven approaches, use of technology, and implementation of real-world evidence are all helping us find new, more diverse patient populations and enabling us to create value for specific groups of patients."
>
> Kim Doggett, Head of Site Engagement, UCB.

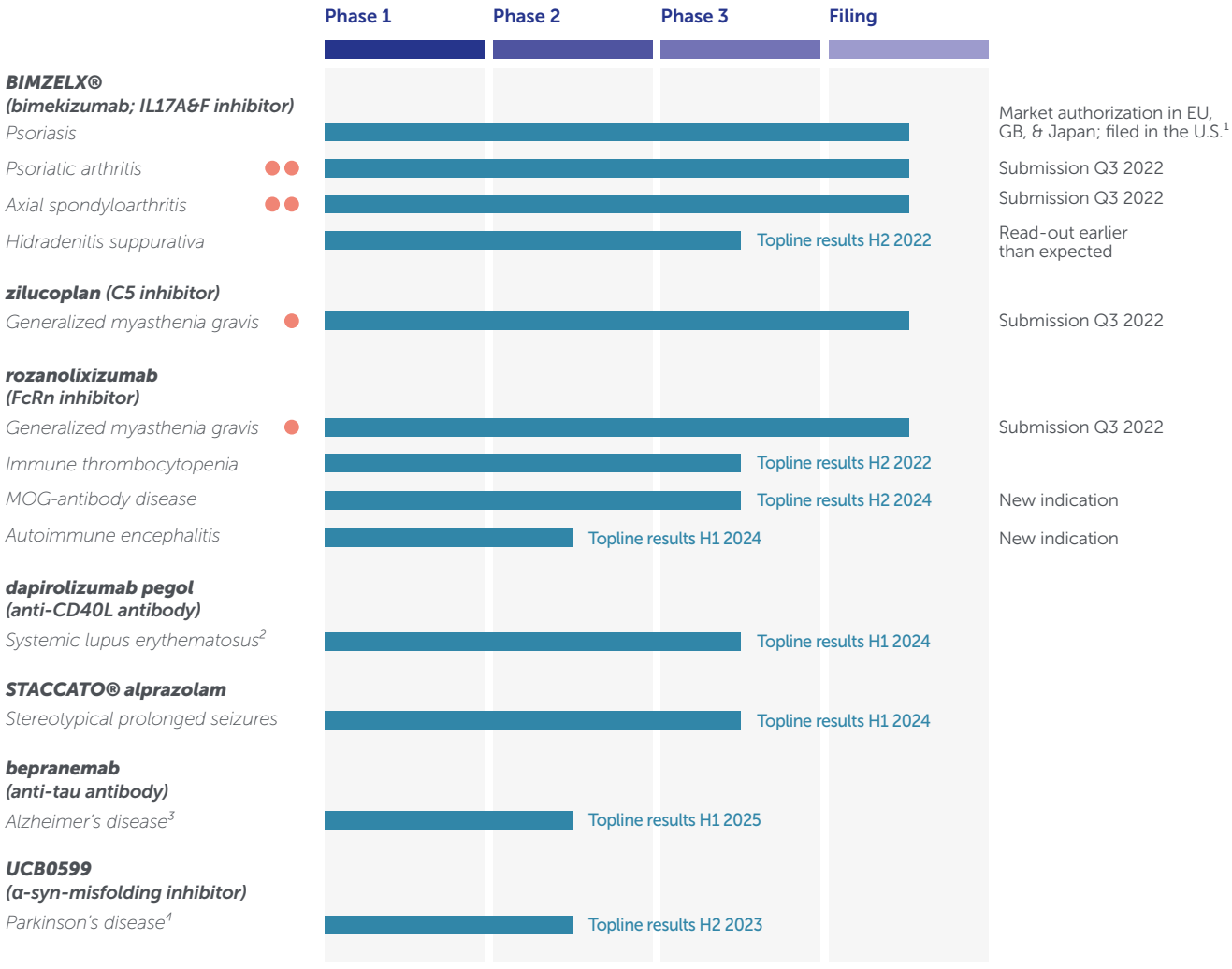
Across our portfolio, UCB has almost 20% of active trials in the DCT model, with more than half of the study visits captured remotely or virtually.

Technology allows us to find eligible patients that could participate in clinical trials and to find principal investigators to open clinical sites and identify referral physicians in the areas where patients are found. This allows us to identify underrepresented geographic areas and bring trials to new locations and new patients. Lastly, technology creates excellent opportunities for educating patient communities about the importance of clinical trials and encouraging them to participate.

Our Pipeline

Our scientists, assisted by world class facilities and ground-breaking platforms and technologies, are continually evolving and improving their knowledge and capabilities to deliver value for all our stakeholders. This has fueled a strong pipeline spanning several therapy areas that we are confident will deliver highly differentiated solutions in years to come.

Our pipeline is fueled by a rich pre-clinical research unit that has hubs across the globe. UCB takes pride in being a reliable and productive partner in research, working at the forefront of science to find solutions for patients. In this report we will focus on Phase 2 studies onwards. A remarkable example of UCB patient-driven research engine is given in the following chapter where the history of the development of BIMZELX® is presented.



● Recent Phase 3 positive topline results published

1 Regulatory approvals are underway in U.S., Australia and Switzerland; market authorization in EU/GB (Aug'21), Japan (Jan'22) and Canada (Feb'22)
2 In partnership with Biogen
3 In partnership with Roche/Genentech
4 in partnership with Novartis

Zilucoplan in amyotrophic lateral sclerosis (ALS) by HEALEY ALS Platform Trial; MOG – myelin oligodendrocyte glycoprotein.

BIMZELX® - our ambition for patients in action

2021 marked a significant milestone for the dermatology community and UCB with the approval of a new solution in the European Union (EU)[1] and Great Britain (GB)[2]: BIMZELX® (*bimekizumab*), for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

Bimekizumab is a powerful example of UCB's patient value strategy since it demonstrates what happens when we connect the unmet needs of patients with innovative biological research and cutting-edge science. Inspired by the needs of patients with chronic immune-mediated inflammatory diseases, the story began more than a decade ago, when scientists at UCB developed an original scientific hypothesis that dual neutralization of interleukin IL-17A and IL-17F – both key drivers of inflammation – may lead to improved clinical outcomes for patients compared with inhibition of IL-17A alone.

In psoriasis, positive results from clinical studies support the original hypothesis. In Phase 3 clinical studies[1,2,3] BIMZELX® demonstrated superior levels of skin clearance compared to placebo and the two commonly prescribed biologics *adalimumab* and *ustekinumab* (comparison versus *ustekinumab* was a ranked secondary endpoint) and was generally well tolerated. In addition, data from a Phase 3b study comparing *bimekizumab*, to an IL-17A inhibitor, *secukinumab*[4], supported the value of inhibition of IL-17F in addition to IL-17A in the treatment of patients with moderate to severe plaque psoriasis.

Bimekizumab is a testament to UCB's commitment to addressing patients' unmet needs, advancing science and delivering solutions with the potential to elevate the standard of care for patients.

2021 was a year of significant progress for *bimekizumab*:

FEBRUARY

The Lancet published two manuscripts detailing the efficacy and safety results from the Phase 3 BE VIVID[5] trial comparing *bimekizumab* to placebo as the primary end point and to *ustekinumab* as a ranked secondary endpoint in the treatment of moderate to severe plaque psoriasis. The BE READY[6] study compared *bimekizumab* to placebo, in the treatment of moderate to severe plaque psoriasis.

APRIL

The New England Journal of Medicine published two manuscripts detailing the efficacy and safety results from the Phase 3 BE SURE[7] and the Phase 3b BE RADIANT[8] studies, comparing *bimekizumab* to *adalimumab* and *secukinumab*, respectively, in the treatment of moderate to severe plaque psoriasis.

JUNE

The European Medicines Agency (EMA) Committee for Medicinal Products for Human Use adopted a positive opinion recommending granting a marketing authorization for *bimekizumab* for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

AUGUST

The European Commission granted marketing authorization and *bimekizumab* became the first approved treatment in the EU for moderate to severe plaque psoriasis, that is designed to selectively and directly inhibit both IL-17A and IL-17F. The approval in the EU represented the first marketing authorization for UCB's new psoriasis treatment worldwide.

The U.K.'s Medicines and Healthcare products Regulatory Agency granted marketing authorization for *bimekizumab* in Great Britain for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

1 ClinicalTrials.gov. A Study With a Initial Treatment Period Followed by a Randomized-withdrawal Period to Evaluate the Efficacy and Safety of *Bimekizumab* in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE READY). Available at: https://clinicaltrials.gov/ct2/show/NCT03410992. Accessed 11 February 2022.

2 Clinicaltrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE SURE). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03412747. Accessed 11 February 2022.

3 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* Compared to Placebo and an Active Comparator in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE VIVID). Available at: https://clinicaltrials.gov/ct2/show/NCT03370133. Accessed 11 February 2022.

4 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* Compared to an Active Comparator in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE RADIANT). Available at: https://clinicaltrials.gov/ct2/show/NCT03536884. Accessed 11 February 2022.

5 Reich K., Papp K.A., Blauvelt A., Langley R.G., Armstrong A. et al. *Bimekizumab* versus *ustekinumab* for the treatment of moderate to severe plaque psoriasis (BE VIVID): Efficacy and safety from a 52-week, multicentre, double-blind, active comparator and placebo controlled phase 3 trial Lancet 2021; 397(10273):487–98

In addition, in January 2022[12], UCB reported positive top-line interim analysis results from the Phase 3 BE MOBILE 1 study which is evaluating *bimekizumab* in the treatment of adults with non-radiographic axSpA, and positive top-line results from the Phase 3 BE COMPLETE study, which evaluated *bimekizumab* in the treatment of active psoriatic arthritis in adults who were inadequate responders or intolerant to anti-TNF (tumor necrosis factor) treatment.

UCB is committed to bringing *bimekizumab* to patients worldwide. In January 2022, the Japanese Ministry of Health, Labor and Welfare granted marketing authorization for BIMZELX® for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments. *Bimekizumab* is currently under review by the U.S. Food and Drug Administration (U.S. FDA) for the treatment of moderate to severe plaque psoriasis in adults.

SEPTEMBER

The U.K.'s National Institute for Health and Care Excellence published its final Technology Appraisal Guidance recommending *bimekizumab* as a treatment option for adults with severe plaque psoriasis. This represented the first positive health technology assessment for *bimekizumab* worldwide highlighting the value that *bimekizumab* can bring to patients, healthcare systems and society[9].

NOVEMBER

UCB reported positive top-line interim analysis results from the Phase 3 BE OPTIMAL[10] study evaluating *bimekizumab* in the treatment of adults with active psoriatic arthritis.

DECEMBER

UCB announced positive top-line interim analysis results from the Phase 3 BE MOBILE[11] 2 study, evaluating *bimekizumab* in adults with active ankylosing spondylitis, also known as radiographic axial spondyloarthritis (r-axSpA).

6 Gordon K.B., Foley P., Krueger J.G., Pinter A., Reich K. et al. *Bimekizumab* efficacy and safety in moderate to severe plaque psoriasis (BE READY): A multicentre, double-blind, placebo-controlled, randomised withdrawal phase 3 trial Lancet 2021; 397(10273):475–86

7 Richard B. Warren, M.D., Ph.D., Andrew Blauvelt, M.D., Jerry Bagel, M.D., Kim A. Papp, M.D., Ph.D., Paul Yamauchi, M.D., Ph.D., April Armstrong, M.D., M.P.H., Richard G. Langley, M.D., Veerle Vanvoorden, M.Sc., Dirk De Cuyper, M.D., Christopher Cioffi, Ph.D., Luke Peterson, M.S., Nancy Cross, M.D., et al. *Bimekizumab* versus Adalimumab in Plaque Psoriasis N Engl J Med 2021; 385:130-141

8 Kristian Reich, M.D., Ph.D., Richard B. Warren, M.D., Ph.D., Mark Lebwohl, M.D., Melinda Gooderham, M.D., Bruce Strober, M.D., Ph.D., Richard G. Langley, M.D., Carle Paul, M.D., Ph.D., Dirk De Cuyper, M.D., Veerle Vanvoorden, M.Sc., Cynthia Madden, M.D., Christopher Cioffi, Ph.D., Luke Peterson, M.S., et al. *Bimekizumab* versus Secukinumab in Plaque Psoriasis N Engl J Med 2021; 385:142-152

9 https://www.nice.org.uk/guidance/ta723/chapter/1-Recommendations

10 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE OPTIMAL). Available at: https://clinicaltrials.gov/ct2/show/NCT03895203. Accessed 11 February 2022.

11 ClinicalTrials.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Ankylosing Spondylitis (BE MOBILE 2). Available at: https://www.clinicaltrials.gov/ct2/show/NCT03928743. Accessed 11 February 2022.

12 Clinicaltrial.gov. A Study to Evaluate the Efficacy and Safety of *Bimekizumab* in Subjects With Active Nonradiographic Axial Spondyloarthritis (BE MOBILE 1 Avalable at: https://clinicaltrials.gov/ct2/show/NCT03928704. Accessed 11 February 2022.

Disease areas and solutions for people with severe diseases

In 2021, we continued striving to deliver solutions that transform the lives of people living with severe diseases.

We are driven by science to translate patient insights into differentiated solutions that provide unique outcomes and the best individual patient experience. This year saw significant progress in achieving this ambition for several specific patient populations in the following disease areas. You can learn more about these and other disease areas we support on our website.

Psoriasis

UCB has a long-standing commitment to supporting people living with **psoriasis**. UCB's CIMZIA® (*certolizumab pegol*), a tumor necrosis factor (TNF) inhibitor was available to psoriasis patients in 50+ markets around the world in 2021. In the U.S.[1] and EU, CIMZIA®[2] is indicated for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy (phototherapy in the U.S. only).

In 2021, we were proud to expand our portfolio with the approval and launch of BIMZELX® (*bimekizumab*) in the EU and Great Britain for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy. *Bimekizumab* is the first approved psoriasis treatment in the EU, GB and Japan that is designed to selectively and directly inhibit both IL-17A and IL-17F, two cytokines driving inflammatory processes.

We are driven by science to translate patient insights into differentiated solutions that provide unique outcomes and the best individual patient experience.

1 CIMZIA® U.S. PI. https://www.accessdata.fda.gov/scripts/cder/daf/
2 CIMZIA EU SmPC: https://www.ema.europa.eu/en

Spondyloarthritides

Spondyloarthritides (SpA) is the name for a family of inflammatory rheumatic diseases. Two of the most common and severe forms of SpA are Psoriatic Arthritis (PsA) and Axial Spondyloarthritis (axSpA)[3].

Psoriatic arthritis typically affects people who already have psoriasis; up to 30% of patients with psoriasis will develop PsA[4]. While patients are usually diagnosed with psoriasis first, joint problems can also appear before skin symptoms do.

In EU[2], CIMZIA®, in combination with methotrexate (MTX), is indicated for the treatment of active PsA in adults when the response to previous disease-modifying anti-rheumatic drug therapy has been inadequate. CIMZIA® can be given as monotherapy in case of intolerance to MTX or when continued treatment with MTX is inappropriate. We are also exploring the potential for *bimekizumab* to treat adults living with psoriatic arthritis and we have already received positive Phase 3 topline results[5].

Axial Spondyloarthritis (axSpA) is a chronic, inflammatory rheumatic disease that affects the axial skeleton, causing severe pain, stiffness and fatigue[6] which often starts in young adulthood and needs effective treatment.

Some patients with axSpA have definitive structural damage of sacroiliac joints visible on X-rays and this axSpA subtype is called radiographic axSpA (r-axSpA), also historically known as ankylosing spondylitis (AS), whilst some patients do not have clear radiographic damage of sacroiliac joints, and this subtype is called non-radiographic axSpA (nr-axSpA). Regardless of whether axSpA patients have the radiographic or non-radiographic form of the disease, a similar high burden of disease[7] and irreversible spinal damage often occurs in many patients with AS and nr-axSpA and impacts normal functioning and quality of life over time. Patients with nr-axSpA and AS share a similar symptomology (chronic pain, fatigue, stiffness, and other common disease manifestations such as enthesitis, dactylitis, peripheral arthritis, anterior uveitis, psoriasis, and inflammatory bowel disease) and disease burden. Nr-axSpA is more common among women with the disease and has more peripheral enthesitis[8].

The difference between these two conditions has been recognized by health authorities; this year in the U.S. the ICD-10 Coordination and Maintenance Committee endorsed the creation of a new sub-category (M45.A) for nr-axSpA, recognizing nr-axSpA as an established and legitimate condition and advancing more accurate diagnosis[9].

In the EU, CIMZIA® (*certolizumab pegol*) is indicated for the treatment of adult patients with severe active axSpA[2]. As per the U.S. label, CIMZIA® is a tumor necrosis factor (TNF) blocker indicated for: treatment of adults with active ankylosing spondylitis and adults with active non-radiographic axial spondyloarthritis with objective signs of inflammation[2]. We are also exploring the potential for *bimekizumab* to treat adults living with axSpA and we have already received positive Phase 3 topline results[10] for the use of *bimekizumab* in adults with nr-axSpA, as well as for radiographic axSpA. You can learn more in our story on *bimekizumab*.

Beyond CIMZIA® our research is focusing on the development of new solutions that aim to address remaining unmet needs and provide a more profound disease control. Whilst time to diagnosis of axSpA has improved over the years, it remains unacceptably long and women still experience much longer diagnostic delay than men: on average, it takes nine years for a patient to be diagnosed with axSpA[11], and women wait on average 2 years more than men for their diagnosis.

9 years
average for a patient to be diagnosed with axSpA

2 years
Women wait on average more than men for their diagnosis[11]

3 Sieper J, Braun J. Clinician's Manual on Axial Spondyloarthritis. Springer Healthcare 2014

4 Mease PJ, Armstrong AW. Managing patients with psoriatic disease: the diagnosis and pharmacologic treatment of psoriatic arthritis in patients with psoriasis. Drugs. 2014;(74):423-41.

5 ClinicalTrials.gov. A Study to Test the Efficacy and Safety of *Bimekizumab* in the Treatment of Subjects With Active Psoriatic Arthritis (BE OPTIMAL). Available at: https://clinicaltrials.gov/ct2/show/NCT03895203. Accessed 11 February 2022.

6 Laure Gossec, Maxime Dougados, Maria-Antonietta D'Agostino, Bruno Fautrelab; Fatigue in early axial spondyloarthritis. Results from the French DESIR cohort; Joint Bone Spine Volume 83, Issue 4, July 2016, Pages 427-431

7 Rudwaleit M et al. Arthritis Rheum. 2009;60(3):717–727

8 ClinicalTrials.gov. A Study With a Initial Treatment Period Followed by a Randomized-withdrawal Period to Evaluate the Efficacy and Safety of *Bimekizumab* in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE READY). Accessed 11 February 2022.

9 https://www.the-rheumatologist.org/article/non-radiographic-axial-spondyloarthritis-recognized-with-icd-10-code/

10 ClinicalTrials.gov. A Study With a Initial Treatment Period Followed by a Randomized-withdrawal Period to Evaluate the Efficacy and Safety of *Bimekizumab* in Adult Subjects With Moderate to Severe Chronic Plaque Psoriasis (BE READY). Available at: https://clinicaltrials.gov/ct2/show/NCT03410992. Accessed 11 February 2022.

11 Jovani V, et al. PLoS One. 2018;13(10):e0205751

Epilepsy

UCB has a strong heritage in epilepsy and a history of finding and developing the right molecules to treat the symptoms of the disease. For over 30 years, we have provided solutions that have helped transform the treatment landscape and improved the lives of millions of people living with epilepsy. UCB's existing product portfolio for epilepsy symptom management includes KEPPRA® (*levetiracetam*), VIMPAT® (*lacosamide*), BRIVIACT® (*brivaracetam*) and NAYZILAM® (*midazolam* nasal spray - U.S. only)[1,2]

Following our acquisition of Engage Therapeutics, a clinical-stage pharmaceutical company developing **STACCATO® *alprazolam***, we are now running a full development program for the rapid termination of ongoing, prolonged seizures in patient 12 years of age and older living with epilepsy. The pivotal Phase 3 trial to bring STACCATO® *alprazolam* to patients in U.S., EU, Japan and China was started as planned in Q4 2021.

In January 2022, UCB entered into an agreement to acquire Zogenix, Inc., a global biopharmaceutical company commercializing and developing therapies for rare diseases. Upon closing (expected in Q2, 2022) the Zogenix acquisition will build upon and broaden our role as a leader in and commitment to addressing the unmet needs of people living with epilepsy, by adding FINTEPLA® (*fenfluramine*) to UCB's existing product line. FINTEPLA® has been approved by the U.S. FDA[3] and the EMA[4] and is under regulatory review in Japan[5], for the treatment of seizures associated with Dravet syndrome in patients two years of age and older. Zogenix is also pursuing indications for the use of FINTEPLA® in the treatment of seizures associated with Lennox-Gastaut syndrome and additional rare epilepsies. Closing of the acquisition is subject to certain conditions, including the tender of shares representing at least a majority of the total number of Zogenix's outstanding shares, receipt of required antitrust clearances, and other customary conditions and is expected to close by the end of the second quarter of 2022.

UCB has achieved a number of additional milestones in 2021, expanding our expertise in the pediatric population and advancing towards our ambition to better support people living with the uncertainty of epilepsy:

- In early 2021, VIMPAT® was launched in Japan as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures in adults, adolescents and children from 4 years of age with idiopathic generalized epilepsy.
- In March, VIMPAT® received approval in Australia for the extension of the indication as add-on therapy in the treatment of primary generalized tonic-clonic seizures in patients with idiopathic generalized epilepsy aged 4 years and older.
- In March, we also launched VIMPAT® Monotherapy and Oral Solution in China.
- In August, BRIVIACT® was approved by the U.S. FDA as both monotherapy and adjunctive therapy for the treatment of partial-onset seizures in patients one month of age and older.
- In October, VIMPAT® was approved by the U.S. FDA, as both monotherapy and adjunctive therapy, for the treatment of partial-onset seizures in patients one month of age and older.

Whether a person is experiencing focal seizures, seizure clusters, or a rare syndrome, their experience and response to medication vary. Insights from our research and development efforts have highlighted the need for potential new treatments in a number of epilepsy subtypes, such as tumor-associated epilepsy, tuberous sclerosis complex, and autoimmune epilepsy. As we increase our understanding of each of these epilepsy types, we come closer to being able to target the critical underlying pathologies, creating the potential for disease modification or correction at the genomic level.

We are also advancing technology support solutions that address specific unmet patient needs across the patient journey, from diagnostics and treatment, to coordination of care.

2021 saw the **launch of** Nile.AI, Inc., a new independent company created to improve care for people living with epilepsy, their caregivers, and healthcare providers (HCPs). Nile.AI was founded with a clear mission in mind: to make the journey of every epilepsy patient predictable. To that end, Nile.AI is developing an epilepsy care management platform that serves as a digital extension of the HCP, with the ultimate goal of shortening the path to optimal treatment. In just over a year, Nile.AI has gone from an idea to a company with 35 employees, and two offices in two countries. The technology has been U.S. FDA registered and ISO certified, and it will soon be CE marked registered[6].

Meanwhile our ongoing collaboration with Med Tech company **Byteflies** is opening up an opportunity to support patients and care providers with tracking and recording seizures, particularly focal seizures – thanks to a discreet wearable electroencephalogram device which is designed for detection of focal seizures. We are also contributing seed funding to **Neurava**, a medical device startup based in the U.S., that is working on adapting a potential mechanism of action behind Sudden Unexpected Death in Epilepsy (SUDEP) into a first-of-its-kind smart wearable. This wearable device could be capable of identifying and alerting for seizures and impending SUDEP risk, which could have an impact on the 50 million people worldwide who live with epilepsy.

Over the next five years we aim to bring UCB's epilepsy treatments to even more patients than ever before. To this end, in the U.S., UCB completed research to better understand the experiences of Hispanic people with epilepsy to improve our effort to break down barriers to equitable health outcomes. UCB's Population

1 https://www.accessdata.fda.gov/scripts/cder/daf/
2 https://www.ema.europa.eu/en
3 U.S. FDA News Release. FDA Approves New Therapy for Dravet Syndrome. June 25, 2020.
4 Meeting highlights from the Committee for Medicinal Products for Human Use (CHMP) 12-15 October 2020. https://www.ema.europa.eu/en/news/meeting-highlights-committee-medicinal-products-human-use-chmp-12-15-october-2020
5 Zogenix Press Release. Zogenix Submits New Drug Application for FINTEPLA® (Fenfluramine) in Japan for the Treatment of Epileptic Seizures Associated with Dravet Syndrome.
6 https://www.nile.ai/pr2/

Health Team conducted research through patient focus groups to learn more about the experiences of people of Mexican heritage living with epilepsy and the resources they would find beneficial. In these focus groups, two key obstacles emerged: cultural misunderstandings and oversights, and a dearth of native language disease information and resources. As a result of this research, UCB is looking for ways to address these barriers and further improve equity in these communities. UCB is also piloting a social business approach in India to enable access for people living with epilepsy in countries and settings with limited access to quality care and medicines. You can learn more in the Access section of this chapter.

Osteoporosis

Osteoporosis is a condition characterized by low bone mass and deterioration of bone micro-architecture resulting in low-impact, or fragility fractures. UCB's primary therapy for osteoporosis is EVENITY®▼ (*romosozumab*)[7], a bone forming monoclonal antibody, which is co-developed and co-commercialized by UCB, Amgen and Astellas. In Europe, EVENITY® is indicated for the treatment of severe osteoporosis in postmenopausal women at high risk of fracture. Following its first European launch in 2020, UCB has continued to bring EVENITY® to markets across Europe in the past year and our impact continues to grow, reaching more than 200 000 women living with severe postmenopausal osteoporosis.

UCB is also committed to advancing post-fracture care. We do this by partnering with hospitals and health systems around the globe to provide fracture liaison services that ensure best practices in coordinated care. We work to address policy and reimbursement issues, helping policymakers around the world to implement policies that reduce the economic burden of fragility fractures, particularly in the light of ageing populations, and to show how coordination of care can help society overall.

It is estimated that only one-third of vertebral fractures come to clinical attention[8]. It is with this is mind that UCB developed **BoneBot**, an AI-based solution that opportunistically screens for vertebral fractures on CT scans being performed for other purposes, detecting the presence of "silent" or asymptomatic spinal fractures that often go unrecognized. The tool assesses patient scans and flags vertebral fractures to relevant health care professionals. In October, UCB announced we will be licensing BoneBot to ImageBiopsy Lab, a leading AI imaging diagnostics company, for further development and launch. ImageBiopsy Lab will further develop the technology to obtain regulatory clearance as a medical device and launch it with its existing IB Lab Zoo platform for delivery to hospitals and physician groups practices to help increase the identification and reporting of spinal fractures, enabling diagnosis and appropriate treatment earlier and potentially reducing the negative outcomes associated with osteoporosis.

▼This medicinal product is subject to additional monitoring. This will allow quick identification of new safety information. Healthcare professionals are asked to report any suspected adverse reactions

7 https://www.ema.europa.eu/en

8 Adams J, et al; National Osteoporosis Society. Clinical Guidance for the Effective Identification of Vertebral Fractures [Internet]. 2017 Nov;1-11.

At UCB we believe everyone deserves to live the best life they can – as free as possible from the challenges and uncertainty of diseases.

Generalized Myasthenia Gravis (gMG)

There are around 7 000 rare diseases[1,2,3] in the world, each impacting a relatively small number of patients. While progress is being made for people living with rare diseases, there are still relatively few treatment options for these patients. People living with rare diseases may often feel forgotten, unheard or misunderstood. The challenges they face can be magnified by isolation, and they may wonder if anyone else cares about what they need. They worry their disease affects too few people for anyone to care.

At UCB, we believe that the greatest needs can't always be measured in numbers. We don't just see patients or population sizes, we see people in need. Focusing on our purpose of creating patient value for people living with severe diseases now and into the future, we are expanding our efforts to developing treatments for rare neurological and immunologic diseases.

We are leveraging our experience to develop treatments for rare neurological diseases, such as generalized myasthenia gravis (gMG), a rare, chronic auto-immune neuromuscular disease associated with muscle weakness[4].

In December 2021, we announced positive topline results from the Phase 3 MycarinG4[5] study evaluating *rozanolixizumab*, a subcutaneously infused monoclonal antibody targeting the neonatal Fc receptor (FcRn), versus placebo in adults with gMG. The trial met its primary and secondary endpoints, demonstrating a statistically significant and clinically meaningful change from baseline.

Alongside *rozanolixizumab*, UCB is also investigating whether its developmental medicine *zilucoplan*[6], a peptide inhibitor of complement component 5 (C5 inhibitor), could deliver patient value to people living with gMG.

In February 2022, the Phase 3 RAISE study, investigating the efficacy and safety of *zilucoplan* in patients with gMG, concluded that its primary endpoint was met, demonstrating a statistically significant, clinically meaningful, placebo-controlled reduction in the Myasthenia Gravis-Activities of Daily Living Profile (MG-ADL) total score from baseline at Week 12[7].

In November, UCB hosted its first ever virtual Rare Disease Connect in Neurology (RDCN) event focused on rare diseases, specifically gMG; bringing physicians, scientists and researchers, patients and patient organizations together to highlight the issues faced in this area and advance towards solutions together. In 2021, we also supported the development of a unique patient study to explore and assess the real-life impact of gMG and current gaps in care. The qualitative research explored the significant physical, psychological, social and day-to-day experience of living with the rare autoimmune conditions and identifies a need for improved dialogue between patients and clinicians. The findings were described in a peer-reviewed article co-authored by gMG patients and UCB colleagues.

Technology is also playing a significant role in advancing our efforts. We continue to collaborate with **doc.ai**, to use smartphones to detect voice and facial patterns of people with gMG and we are now implementing a decentralized, mobile phone-based study to evaluate the potential of technology to measure gMG symptoms and eventually detect/predict exacerbations with an accuracy and clarity that is currently unavailable for patients in any setting. Following a successful pilot, we are moving ahead with our ambition to bring this tool to patients in need and hope to be testing AI based solutions with patients by 2023.

We are leveraging our experience to develop treatments for rare neurological diseases, such as generalized myasthenia gravis, a rare, chronic auto-immune neuromuscular disease associated with muscle weakness.

1 Global Genes. RARE facts. Available at: https://globalgenes.org/rare-facts/ (Accessed February 2020)

2 von der Lippe C, et al. Mol Genet Genomic Med 2017;5:758–73

3 National Institute of Health. FAQs about rare diseases. Available at: https://rarediseases.info.nih.gov/files/rare_diseases_faqs.pdf (Accessed February 2020); European Commission. Rare diseases. Available at: https://ec.europa.eu/health/non_communicable_diseases/rare_diseases_en (Accessed February 2020).

4 Inga Koneczny, and Ruth Herbst, Myasthenia Gravis: Pathogenic effects of Autoantibodies on Neuromuscular Architecture; Cells 2019, 8, 671

5 Clinical Trials.gov 'A Study to Test Efficacy and Safety of *Rozanolixizumab* in Adult Patients With Generalized Myasthenia Gravis': https://clinicaltrials.gov/ct2/show/NCT03971422. Accessed November 2021

6 *Zilucoplan* is an investigational drug product and its safety and efficacy has not yet been established. *Zilucoplan* has not been approved for any use by any authority in the world.

7 https://www.ucb.com/stories-media/Press-Releases/article/UCB-announces-positive-data-in-myasthenia-gravis-with-*zilucoplan*-phase-3-study-results

Advancing science for women of childbearing age

Severe diseases, like rheumatoid arthritis, epilepsy, generalized myasthenia gravis or lupus, often manifest in early adulthood, overlapping with peak reproductive years for women[1,2]. Combined with the twin trends of later pregnancies and the higher prevalence of some chronic conditions, more and more women need medications to treat a chronic disease while pregnant or planning to conceive. But they are often confronted with confusing and contradictory communication about possible risks. Fear about using therapeutics that might harm the fetus or newborn mean women and health care providers often feel they must compromise on optimal disease management before, during and after pregnancy.

However, only as few as 5%[3] of available medications have been adequately monitored, tested and labelled for use in pregnant and breastfeeding women. There is a clinical and ethical imperative to generate better standardized data to inform decision-making on the use of medicines during pregnancy and breastfeeding.

At UCB, we want to empower women of childbearing age with severe diseases to make informed shared decisions with their healthcare provider. This includes pregnancy planning and care management, during and after pregnancy, to help enable optimal health outcomes for mother and baby.

Our commitment to addressing knowledge gaps in the care of women of childbearing age began with CIMZIA® as a valuable treatment option for women of childbearing age, and we are now focused on embedding an emphasis on women of childbearing age across all UCB's solutions.

We believe there is a clear opportunity for UCB to be an industry leader on this topic. To this end we are working closely with external partners such as the ConcePTION consortium in the EU and the U.S.-based PRGLAC taskforce on research specific to pregnant and lactating women. In 2021 we implemented new goals to generate evidence specifically for women of childbearing age for all new assets in coming years.

1 Kavanaugh A, Cush JJ, Ahmed MS, et al. Proceedings from the American College of Rheumatology Reproductive Health Summit: the management of fertility, pregnancy, and lactation in women with autoimmune and systemic inflammatory diseases. Arthritis Care Res (Hoboken). 2015;67(3):313-25.

2 Chakravarty E, Clowse ME, Pushparajah DS, et al. Family planning and pregnancy issues for women with systemic inflammatory diseases: patient and physician perspectives. BMJ Open. 2014;4(2):e004081.

3 Barbara D. Wesley, MD, MPH; Catherine A. Sewell,MD, MPH; Christina Y. Chang, MD, MPH; Kimberly P. Hatfield, PhD; Christine P. Nguyen, MD. Prescription medications for use in pregnancy-perspective from the U.S. Food and Drug Administration. American Journal of Obstetrics & Gynecology. JULY 2021; 31-32

Ensuring product safety and quality

At UCB, delivering reliable and safe drugs to the patients we serve is critical to our success and our Global Patient Safety and Quality activities, processes and governance safeguard this commitment.

While these topics have always been important to us, our 2021 materiality update confirmed their place on the list, given how the COVID-19 pandemic and related discussions around vaccine and treatment development have shone a spotlight on the importance of pharmaceutical safety and quality assurance.

Our processes are designed to ensure the best possible product quality, safety and benefit risk profile for patients. The efficiency of the processes and compliance with regulations are periodically assessed and monitored through the audit program conducted by our Quality Department, as well as through routine inspections by the regulatory authorities.

The Global Patient Safety organization ensures thorough oversight and understanding of the safety profiles for all our medicinal products, including those in clinical development and those on the market. Each product is assigned a dedicated safety lead, who leads a cross-functional benefit risk team throughout the full lifecycle of the product.

The benefit risk teams continuously and proactively review all available data to identify any potential emerging safety signals, which are then assessed to see if they are a safety risk. All potential and identified risks are considered to see whether they impact the benefit risk assessment and if further risk management actions may be needed.

This might include additional safety measures in a study protocol, communications with patients, prescribers and regulators or adapting how a product is used. These activities are overseen by the UCB Benefit Risk Board, chaired by the Chief Medical Officer, and all activities are part of a pharmacovigilance system designed to ensure transparent and compliant communication with regulators and other stakeholders.

Meanwhile the Global Quality organization is responsible for ensuring that UCB has a Quality Management System (QMS) in place that adheres to international and local legislation. This includes all processes that contribute to the quality, safety and efficacy of drugs, devices and combination products throughout all stages of the product lifecycle (from development until product discontinuation) including compliance with approved regulatory filings. These systems are based on standards, such as Good working Practices (GxP) in the pharmaceutical industry, ISO 14001 for environmental management and ISO 13485 for medical device QMS standards. This team works closely with the Patient Safety team, but also starting from research and development, right through to manufacturing – while also managing any complaints received, ensuring compliance with all relevant regulation, and administering the process around product recalls if needed.

Our processes are designed to ensure the best possible product quality, safety and benefit risk profile for patients.

COVID-19 has demonstrated just how critical it is to quickly adapt to new ways of working, with a view to respond to the challenges caused by this unprecedented situation. In that context and over the past year, UCB was able to maintain its good Quality performance thanks to a strong, risk-based Quality program that allowed to swiftly and efficiently identify and mitigate the known and emerging risks.

We are proud to say that in 2020, we had zero recalls, while in 2021 we have had only one minor recall. We have also seen positive inspection results throughout the year, with zero critical inspection findings. We do not have any ongoing enforcement actions from the U.S. FDA.

Illegitimate medicines management

One key area of focus for UCB's safety and quality teams is mitigating risk around illegitimate drugs; examining what type of products are affected, how often that is the case and what type of actions should be taken. As part of this work, we also take special care to ensure that the supply chain for any of our products assimilated to narcotics is secure.

In recent years, UCB has intensified our collaboration with health authorities and law enforcement to report events and exchange information. The growing knowledge on this subject led to a systematic reporting of the observed events by affiliates and partners, along with the investigation requests initiated by the authorities. A senior governance council meets periodically, and an annual report is issued for the management.

Upholding the highest ethical and compliance standards, particularly in relation to product marketing, is also a core part of our quality and safety teams' work. This includes a robust auditing strategy, encompassing additional risk and opportunities around digital. Given the increased vulnerability of pharmaceutical companies to malicious cyber-attacks, it is vital to ensure business and supplier continuity should such an attack occur, so we can continue to distribute our products where they are needed.

Frequent, accurate and transparent reporting on safety and quality is essential for UCB to reassure all stakeholders in our value chain, from patients and healthcare providers through to regulators and investors.

We are committed to maintaining open and honest communication around the robust processes we have established for benefit risk oversight and risk management. UCB has developed and uses effective monitoring and control systems, including internal and external audits, for process performance and product quality. UCB regularly hosts inspections by global regulatory bodies of our manufacturing facilities, as well as inspections in areas such as our marketing affiliates and clinical areas.

One key area of focus for UCB's safety and quality teams is mitigating risk around illegitimate drugs; examining what type of products are affected, how often that is the case and what type of actions should be taken.

At UCB, delivering reliable and safe drugs to the patients we serve is critical to our success.

Deploying digital for patients

Through UCB's Digital Business Transformation, we're amplifying the power of scientific innovation to improve patient care.

With a research process grounded in cutting-edge science combined with groundbreaking technologies, we can gain a deeper understanding of the patients we serve and deliver the right solutions when and where they are needed – including solutions that go beyond medicines.

In January 2021, our Digital Care Transformation (DCTx) team was formally established with the ambition of developing digital care solutions that meet patients where they are and specifically address the real issues they face on a day-to-day basis. You can learn more about various DCTx initiatives in the Disease areas and solutions section of this chapter. We have also advanced the digitalization of our go-to-market operations, to provide a more personalized and responsive support to patients and healthcare professionals at every touch point along their journey. In 2021, we adopted and scaled an agile, multichannel, analytics-driven approach to engage healthcare professionals across our key markets.

Working with the right partners is key to maximizing the potential of technology. In February 2021, we announced an expanded collaboration with Microsoft, following work we did together as part of the 2020 COVID-19 Moonshot project. Our new, multi-year collaboration builds on this work, aiming to combine Microsoft's computational, cloud and Artificial Intelligence (AI) services with UCB's drug discovery and development capabilities, to discover new medicines in a more efficient and innovative way. Working with Microsoft will augment UCB's scientists, subject matter experts, and research partners across every part of the drug discovery and delivery value chain by harnessing diverse research information and AI models alongside human expertise and creativity.

As we further integrate technology into our approach, we are also taking steps to mitigate related risks, such as cyber threats or data breaches, which can cause reputational, financial and operational damage, as well as considering the implications of greater use of AI in the solutions we develop. Technology-related risks are reported in the Risk Management section of this report.

> "Together, UCB and Microsoft are taking on some of healthcare's greatest challenges to find connected, innovative ways to create better experiences, insights, and more personal and more effective care."
>
> Jean-Philippe Courtois, EVP and President,
> Microsoft Global Sales, Marketing & Operations.

Providing access to our solutions

Our goal is that by 2030, all patients who need our medicines in countries where we operate have access to them. In addition, we aim to improve access to quality care and medicines, through our social business model, for people with epilepsy in low- and medium-income settings.

We recognize there are many challenges which may prevent access to medicines, including the time taken for new medicines to be made available in a market, reimbursement practices, and affordability. We also consider the diversity of global healthcare systems, health policies and funding approaches – and how those impact patient access.

We work to enable access to our solutions for patients, in a way which is viable for patients, society, and UCB. By working closely with healthcare systems and payers to set the right reimbursement and pricing frameworks, and demonstrating the value of UCB's medicines for these patients, we can improve outcomes and experience for patients.

When it comes to risks related to improving access for patients who need our solutions, we know that pharmaceutical pricing continues to come under global scrutiny from all sides which may impede our ability to deliver our solutions to those who need them in a way which is viable and sustainable for patients, society and UCB. Specific access-related risks are further reported in the Risk Management section of this report.

How we measure access to our solutions and our 2021 performance

To achieve our access goal, it is important for us to know how we are performing. We are committed to assessing and disclosing our performance every year, in comparison to the previous year's baseline.

Access Performance Index

Our access performance index considers three possible states of access to medicines in each of the countries where we operate.

The three categories represent the state of access to our medicines (with the exception of NEUPRO® [*rotigotine*]), in the countries where we operate, versus their regulatory label (ex EMA label).

- "Reimbursed for all" includes for each medicine the countries with unrestricted access to the regulatory label at national level or with unrestricted access in at least 66% of subnational areas (provinces, landers, etc) when assessment at subnational level is relevant.
- "Reimbursed for some" includes for each medicine the countries with restricted access versus the regulatory label or with access in less than 66% of subnational areas when access is assessed at subnational level.
- "No reimbursement" includes all other reimbursement situations: rejected, pending, not planned.

In 2021, we improved unrestricted access and restricted access by 1% respectively in the countries where we operate, driven mostly by positive reimbursement decisions for EVENITY® in a challenging access environment.

It's important to note that in 2021 we started to deliver access to BIMZELX®, which was not included in our 2020 baseline and therefore not in the reported improvement.

Access Performance Index

Reimbursement for all patients	Reimbursement for some patients	No reimbursement
31%	55%	14%

A new baseline has been set at the end of 2021 which includes an additional 18 countries[1] (totaling 32 countries assessed in the Access Performance Index), an additional 2 products (BIMZELX® and NAYZILAM®) and any new indications which receive regulatory approval in the timeframe. All indications that are, or soon will be, out of patent in 2022 have been removed from this baseline. Our new baseline shows that we have achieved 30% unrestricted access and 38% restricted access. This will be the new basis to assess our performance in 2022, with final results to be published in our next annual report.

Time to access index

For any newly launched solution, we are also tracking the time lapse between marketing authorization and a payer decision to provide access and reimbursement to a new medicine, as this has an impact on patients needing new treatment options.

We have identified the median time for our industry to achieve reimbursement for their therapeutic offerings in all the markets where UCB operates, and established benchmarks. This will allow us to measure ourselves against our peers and clearly map where we still have room for improvement. 2022 will be the first year for which we will be reporting.

UCB pricing in the U.S.

We also take into consideration that healthcare systems vary; some are funded by private insurance plans, government-funded healthcare systems, or directly by patients themselves. For patients with partially- or fully- self-funded healthcare, personal affordability can limit their ability to access vital medicines. Understanding these ecosystem differences allows us to develop solutions that strive to reduce the financial burden associated with using a UCB medicine.

In support of our access commitment, in the U.S. affordability information for UCB's products is available to patients and all stakeholders on our website, including information on patient assistance programs. In 2021, our U.S. net price change (after discounts and rebates) averaged -4.0% across the U.S. product portfolio (list price change averaged 4.1%). At a product level, the largest single percentage change was a 4.9% list price increase and a 2.9% net price change from 2020 to 2021. This reflects the significant rebates and discounts we provide in the market to ensure patients can access UCB medicines.

As part of UCB's pricing principles, year-over-year net price increases generally do not increase more than the CPI-U, a metric that represents the percent change over time of the price of specific goods and services in the U.S. Any increase in price is tied to the value UCB's products bring to patients, stakeholders, and society. Exceptional net price increases above CPI-U are linked to meaningful increase in patient or societal value[2]. CPI-U baseline is determined based on a combination of Bureau of Labor Statistics data and Federal Open Market Committee forecasts.

1 Australia, Austria, Bulgaria, Canada, Czech Republic, Greece, Honk Kong, Hungary, Ireland, Korea, Poland, Portugal, Romania, Russia, Slovakia, Switzerland, Taiwan and Turkey.
2 For example, new data or enhancements that benefit existing or new patient populations.

Working together to improve patient's access to our solutions

Putting patients at the heart of value assessments

Around the world, third-party payers, including government healthcare programs and private insurance plans, want to understand the effectiveness, benefits and risks, and costs associated with any medicine. Their assessment methodology drives reimbursement decisions and may lead them to implement restrictions on access or usage of a medicine.

Well-structured value assessments allow all stakeholders to synthesize or generate information that enables access and reimbursement for treatments that meet patient preferences, patient treatment goals and health system needs.

We launched our Value Assessment Principles in 2021 as value assessment is a topic of growing importance globally, and we will continue to work to ensure we are best serving our patients in every way. As healthcare systems evolve, systematic frameworks for measuring, and assessing value are increasingly important. Recognizing this, UCB developed a broad set of Principles to guide future policy and the use of value assessment frameworks to enable sustainable access. These Principles will be used to assess and shape our engagement in the value assessment landscape, including our proactive positioning and engagement externally on value assessment. Importantly, these Principles will strengthen our approach as we move to amplify our leadership and engage other stakeholders to reach consensus on future value- and outcomes-based payment models.

The Principles are:

- Value-assessment tools must be **patient-centered.**
- Value-assessment frameworks must be **transparent and adaptive to differing circumstances** (e.g., orphan drugs).
- Value assessments must **focus on all aspects and perspectives of healthcare**.
- Value-assessment **frameworks must be validated, be able to be replicated, subject to peer-review, utilize rigorous methodologies in a timely manner, include multiple stakeholders throughout its development, and be revised as necessary** (e.g., when new standards, methods, clinical data, etc. become available).
- Value-assessment tools must **utilize a broad range of high-quality evidence and aim to incorporate digital transformation to enhance its applicability in decision-making.**
- **No single value-assessment framework should be the final arbiter** of value within the U.S.
- Value-assessment **methods and processes must better account for populations that are typically underrepresented in research and drivers of health disparities.**

In parallel, we launched a U.S. Voices on Value series in recognition of the need to have a critical conversation on value and how we better account for it, so patients have affordable, sustainable access. We are welcoming a diverse set of stakeholders discussing their views on value and how we create a better healthcare system covering topics such as value-based contracts, value-based assessment, sustainability, health equity and disparities, transparency, and more.

Integrating access from innovation to launch

Understanding patient access to our medicines begins early in the development lifecycle. The importance of patient affordability, access and reimbursement landscape assessments is understood with increasing depth throughout the development lifecycle and ensuring appropriate endpoints in our clinical studies to enable patient access and where necessary meet payer requirements is an integral part of our approach to research and development.

Access+, our new managed access program

UCB recently created a new managed access program called Access+. Our approach is to provide access to our treatments through a standard mechanism in place for receipt, review, decision, management, and closure of unsolicited requests and activities related to supplying investigational products or products approved by at least one major regulatory body.

Improving access for underserved populations

To achieve our access goal in low- and medium-income settings, UCB has established a new social business approach aimed at improving epilepsy care for underserved patients in a way that is financially sustainable over time.

In the U.S., we're looking to build on our health equity work by developing new social business approaches that stand up to healthcare disparities seen in the communities around us. While we're in the early stages of developing a blueprint, this will include leveraging an "Innovation Hub" model to incubate new approaches and engaging with underserved and marginalized communities to offer solutions that use a human-centered design approach

In Mumbai, India – an ever-expanding city of more than 20 million people[1] with an estimated 144 000 of whom live with epilepsy[2], we developed a blueprint for a **social business to launch as a pilot**. The goal is to address persisting barriers to treatment ranging from low disease awareness and existing stigma around epilepsy, to restricted capacity in the healthcare systems, and to limited treatment availability and affordability.

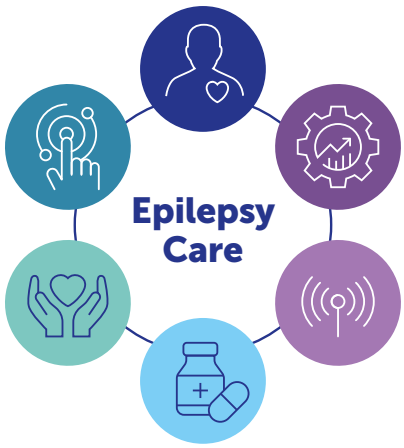
1 Mumbai, India Population (2022) - Population Stat

2 Santhosh NS, Sinha S, Satishchandra P. Epilepsy: Indian perspective. Ann Indian Acad Neurol 2014;17, Suppl S1:3-11

UCB social business pilot in Mumbai

Awareness: Enabling patients & caregivers
- Streel events/camps close to strategic locations
- Digital platform

Digital tools for data generation
- Data capture
- Patient records management
- Follow-up by call centres for adherence



Access: Empowering general practitioners (GP)
- Expertise building
- GP/Neurologists referral networks as an alternative to public hospitals

Holistic approach of patient care
- Disease management
- Adherence mapping
- Psycho-social need addressed
- Financial support for treatment cost

Access: Connected & equipped
- Low cost mobile electroencephalogram (EEG)
- Access to magnetic resonance imaging (MRI) when needed
- Prescence of social workers
- Data capturing module
- Call centre support

Availability & affordability of medicines
- Home delivery & dispensing pharmacies
- Drug portfolio & distribution
- Affordable prices

As we work to deploy this pilot, we are carefully considering the related risks caused by the ongoing impact of COVID-19, as well as the need to establish a strong organizational structure to successfully roll-out the social business model.

We are also leveraging UCB's innovation capabilities with partners from different sectors, including working with Boston University to independently measure our efforts (in partnership with the Public Health Foundation India). This is how we believe we can make a real difference to help close the treatment gap.

Together with Our People

We are made stronger because of our culture of collaboration and curiosity. Our diverse perspectives and backgrounds culminate in a common objective to deliver value for patients and society, as a whole.

At UCB, we value and nurture diverse perspectives and backgrounds and show respect and care for each other. We are made stronger because of our culture of innovation and collaboration which allows us to create value for patients, for each other and for society as a whole.

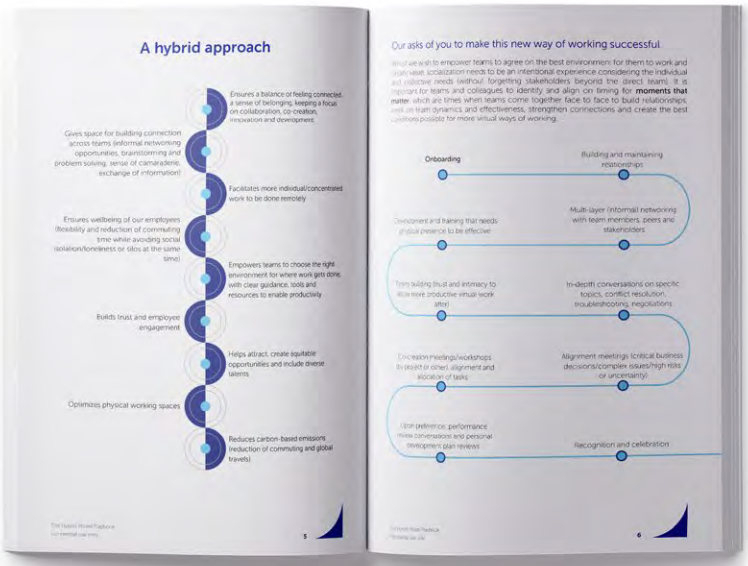
In 2021, we continued to prioritize the care and wellbeing of our people amid the uncertainty created by the ongoing pandemic. We began to gradually roll out a hybrid working model for colleagues to be able to work from home – and we are still supporting our employees in adapting to the challenges of hybrid or remote work through a range of initiatives.

We are progressing in embedding sustainability into the recruitment, performance, reward, and development of employees; however, we are aware of related risks such as increased uncertainty associated with long project timelines and budget constraints. Further risks are reported in the Risk Management section of this report.

Our hybrid working model

Based on learnings gleaned during the first year of the pandemic, we began piloting a hybrid working model in March 2021, in countries where the ongoing COVID-19 situation permitted it.

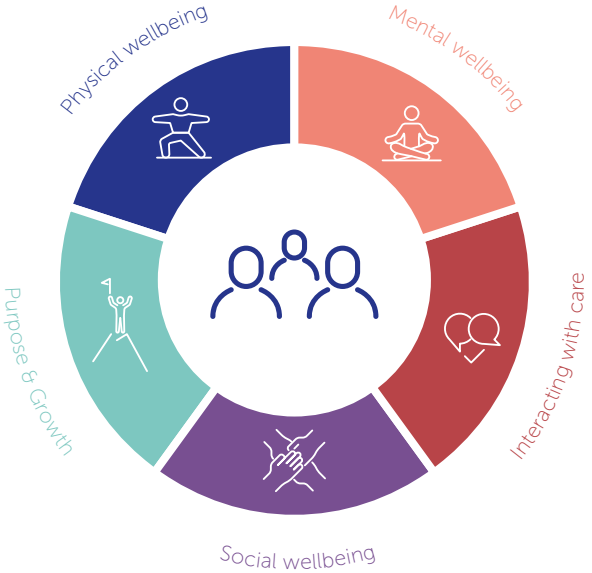
The hybrid working approach was fully rolled out in September, alongside a playbook designed by employees for employees to better understand what this approach meant for them. Our hybrid working model allows for a minimum of 40% physical office presence and up to 60% home working on a monthly basis. Our ambition is to leverage the possibilities of technology to foster connection and moments that matter, while also offering greater flexibility – as and when more colleagues will be able to return to their workplaces.



> Our ambition is to leverage the possibilities of technology to foster connection and moments that matter.

Health, safety and wellbeing

UCB's delivery model for our health, safety and wellbeing (HSWB) initiatives is focused on meeting employee needs in a comprehensive way, while being mindful that there is no one-size-fits-all approach – and while paying special attention to colleagues affected by severe diseases as patients or caregivers. This delivery model has five key pillars:



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

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

Social wellbeing
I have fulfilling connections inside and outside the organization

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

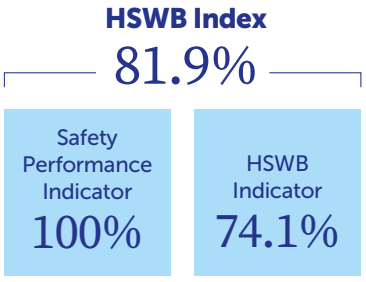
Physical wellbeing
I am safe, in good health and energized

We tailored our activities to tackle related challenges, such as fatigue, ergonomics and adapting to a hybrid working model.

In 2021, the pandemic has continued to affect employee wellbeing. We tailored our activities to tackle related challenges, such as fatigue, ergonomics and adapting to a hybrid working model. Meanwhile, we continue to offer occupational health programs for colleagues exposed to potential occupational hazards. Risks other than those directly related to research and manufacturing have also been the subject of specific initiatives to reduce their impact on our employees, such as a global safety driving program which was initiated to minimize the traffic risks our colleagues, using their car professionally, face. Other social risks are reported in the Risk Management section of this report.

How we evaluate Health, Safety and Wellbeing and our 2021 performance

To measure our HSWB efforts and performance, UCB created a HSWB Index. This expresses our performance as a percentage versus target with two main indicators: the safety performance indicator and the health, safety and wellbeing indicator. The Index allows us to identify focus areas when selecting global and local programs to implement, conscious that our employees' experiences vary depending on their geographical location.



The safety performance indicator is measured using the lost time incident rate (LTIR), which considers lost time incidents, i.e. incidents with at least one day lost. This accounts for 30% of the HSWB index. The remaining 70% is made up of the HSWB indicator which combines results from our annual global HSWB survey and employee metrics, such as Employee Assistance Program coverage, promotion rate and Personal Development Plan engagement rate.

Our 2021 global survey on health, safety and wellbeing was launched in November. The results of the survey demonstrate, once again, the influence of the pandemic on the wellbeing of our colleagues. We saw a small decrease - between 2 and 3% - in the score for "Physical wellbeing" and "Interacting with Care". Compared to last year's figures due to various initiatives in the area of mental wellbeing and the inclusion of health, safety and wellbeing in employee personal development plans, the decrease in the "Mental wellbeing" and "Purpose & Growth" pillars was limited to an average of 1.5%.

Despite these small reductions in part of the score mentioned above, the Health, Safety and Wellbeing Index rose, overall, from 78.4% in 2020 to 81.9% in 2021. This increase is due, in part, to the fact that more colleagues have access to an Employee Assistance Program (currently 96%) and subsidized sports activities (87%), in addition to the increase for "Social wellbeing" and strong safety performance.

The number of lost time incidents (rate of 1.22) and recordable incidents (rate of 2.05) went down by 25% and 10%, respectively, compared with 2020[1]. Thanks to this result, we are on track to meet our safety performance goal, resulting in a Safety Performance Indicator of 100%.

Based on the outcome of the Index, we will adapt our plan for global and local HSWB activities in 2022.

1 Both rates are calculated per million hours worked. For China, India, Poland, Canada, Korea, Saitama (Japan), Bulgaria, U.K., Brazil, Switzerland and Turkey both UCB employees and employees who work under the direct supervision of UCB are in scope. For all other countries and sites, only UCB employees are in scope.

Wellbeing in the workplace

Based on results from our 2020 HSWB survey, in 2021 we focused on:

1. **Employee experience** by mapping the employee journey from hire to retire and identifying all the moments that matter and their link with our HSWB strategy
2. **Integrating HSWB in employee's Personal Development Plans**
3. **Engaging employees** across the globe to ensure awareness around our ambition, delivery model and strategy
4. **Strengthening our HSWB platform** as a central point where colleagues can access resources to support their own HSWB

Furthermore, together with the Mentally Fit Institute and Mental Health UK, an organization overlooking different mental health charities in the UK, we organized 24 global webinars on 12 different topics including: dealing with pressure, recognizing stress signals, managing wellbeing conversations, and self-care. On October 7th, we celebrated our first global mental health day with "breaking the stigma around mental health" as a central theme.

Different local working groups have been established to launch and support local HSWB initiatives. Examples include the launch of a mental wellbeing pledge and plan in the UK, a financial wellbeing knowledge series in China, and workshops on nutrition for night workers in Switzerland. In the U.S., we continued the employee hardship fund and UCBWell provided a wide variety of wellness resources, being nationally recognized as a recipient of the 2021 Cigna Well-Being Award.

Finally, we encouraged all countries that did not currently offer the Employee Assistance Program – an initiative allowing colleagues to seek assistance from a psychologist for personal and work-related issues – to do so.

Occupational health and safety in the workplace

Occupational health and safety is a fundamental aspect of HSWB at UCB. In 2021, our Safety Beyond Zero corporate program continued to underpin UCB's occupational health and safety program, with a focus on three main pillars: safety mindset, safety fundamentals and safety management systems.

The **safety mindset pillar** centered around visible-felt safety leadership. More than 300 people managers from operations and supply and technology solutions in Belgium, Switzerland, the UK, China and Japan followed workshops on safety leadership. The visible-felt safety leadership behaviors for managers and employees were rolled out across the organization. A safety recognition program was initiated to recognize colleagues and teams who visibly went the extra mile for safety and a "Go 5 For Safety" initiative was launched to provide supporting material on the topic of safety in the workplace, during other safety moments.

The **safety fundamentals pillar** specifically targets twelve activities that could lead to severe injuries or even death. These include working from a height, equipment for potentially explosive atmospheres, confined spaces and chemical handling. The three key strategies followed to avoid such accidents are: designing inherently safe installations and equipment, providing clear and robust operating procedures, and ensuring people are trained with the right competencies to safely carry out their tasks.

In the **safety management pillar**, a corporate standard on risk identification, assessment, evaluation, and mitigation was developed for the entire organization. The safety maturity assessment was trialed and tested with the objective to take the lessons learned from operations across the entire organization, globally.

On April 28, UCB celebrated World Day for Safety and Health at Work by focusing on Ergonomics & the Prevention of Musculoskeletal Disorders (MSD). This was an opportunity to remember that creating value for patients, now and into the future, starts with taking care of ourselves. Colleagues all around the world took the opportunity to organize dedicated activities, such as webinars, online training courses, and even face to face talks, while respecting sanitary provisions in force on site, as well as developing dedicated communications, podcasts, and cartoon animations to underscore the subject matter.

Finally, to support UCB's Global Occupational Hygiene Program, our colleagues from local HSE departments at manufacturing sites established local monitoring programs to evaluate and control workers' exposure to specific hazards. Qualitative and quantitative assessments were performed throughout the year around exposure to specific chemicals and physical hazards.

In 2021, our Safety Beyond Zero corporate program continued to underpin UCB's occupational health and safety program, with a focus on three main pillars: safety mindset, safety fundamentals and safety management systems.

Diversity, equity and inclusion

At UCB, we aim to deeply embed diversity, equity and inclusion (DE&I) into all our business activities.

The diversity of thought, experience and personal background that our colleagues bring to their work is felt in the value we deliver to patients, since fostering an engaging and inclusive environment where colleagues feel valued and respected allows them to reach their highest potential.

We are making great strides to incorporate DE&I at every level of the organization. This is particularly important given the introduction of the hybrid working model – while this can enable greater flexibility for our colleagues, it may also give rise to exclusion or inequality if not properly handled. Other social risks are reported in the Risk Management section of this report.

"Different viewpoints make you think differently and challenge the assumptions you have without you even realizing you have them. I believe that cultivating that safe space to build trust can bring those viewpoints out."

Mary McHale, Head of Patient Safety and Medical Management

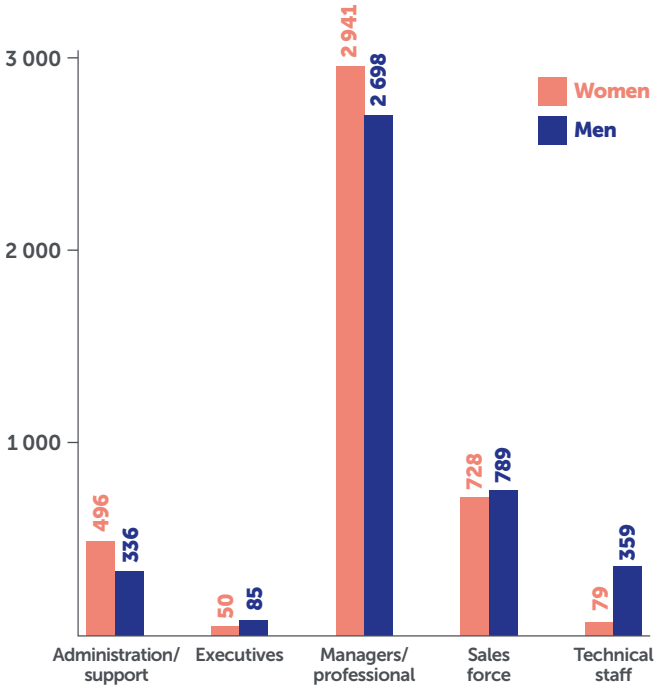
Measuring our progress in our DE&I journey

2021 saw us approach DE&I from an evidence-based perspective, making progress in establishing Diversity, Equity and Inclusion Indexes and advancing our efforts in this area, not only in terms of diverse representation, but also in our processes, systems and policies.

Our overall ambition regarding diversity is to reach at least a gender balance target of 40/60 at senior leadership level, a representation of People of Color to reflect local demographics and mirror the global working population and echo the multi-generations of the global working population. In terms of equity, we continue to focus on offering similar career opportunities to different gender and ethnicity groups. Finally, our inclusion is measured, through an equity and inclusion employee survey, to help us evaluate two dimensions: feeling safe (based on psychological safety in teams, psychological safety with leaders, micro-aggressions) and transparency and objectivity in process (based on talent and salary decisions).

We plan to publish a comprehensive baseline for these 3 indexes in the near future and to disclose yearly our performance.

We also strive to ensure an inclusive workplace for all employees by removing barriers to advancement, ensuring equity in pay and rewards, and by building our talent pipeline by inclusive talent management. In countries with staff above 150 people, i.e., China, Germany, Japan, France, Switzerland, the U.K. and the U.S., 85% of the leadership teams are from within the country (last year was 86%) and the split between women and men is 41% and 59% respectively. More information on diversity at UCB's Board and Executive committee level can be found in the Governance chapter of this report.



Focusing on what matters

In 2021, we continued several major initiatives. These included the inclusive learning curriculum, which urges colleagues to consider a number of behaviors including respect for others, open-mindedness, curiosity, cultural competence, kindness, and empathy. This program has been one of the central DE&I programs at UCB over the past year, beginning with unconscious bias training. At the end of 2021, more than 1 500 colleagues had embarked on this inclusive learning curriculum. We also directed our efforts on building diverse teams and equipping leaders to lead inclusively and with empathy, holding courageous conversations with their team members where necessary.

Connecting together

This year we grew additional capabilities through our Employees Resource Groups (ERGs), demonstrating the important role these play in engaging and supporting employees of different ethnicities and backgrounds. Overall membership of our ERG communities grew by 61%, with around 1 800 employees now involved with these initiatives. This accounts for 21% of the workforce. There are currently 8 ERGs, three of which were new in 2021.

One new ERG, **Avid**, aims to create a safe, fulfilling, and empathetic working environment for UCB colleagues living with a health condition or a disability, or those colleagues who are caregivers to such individuals. 2021 also saw the creation of **ACES**, a group dedicated to supporting and uniting UCB's Asian colleagues around the world, with a mission to promote cultural diversity and the professional development of their members. Meanwhile, building on data showing that up to five generations can exist in a team, the Youngsters ERG evolved, rebranding and refocusing its objective towards a multigenerational ERG under the new name **Emerge**. It is important to note that while several ERGs officially launched in the US, the evolution of ERGs at UCB includes a broader expansion across both national and international markets for 2022 and beyond.

Below is a list of the Employee Resource Groups currently in operation at UCB:

- **ACES**: Asians Committed to Excellence and Success
- **Avid**: UCB colleagues living with a health condition, a disability, or who are a caregiver
- **B.E.I.N.G.**: Black Employee Interconnecting Network Group
- **EMERGE** (Formerly Youngsters): Generational ERG
- **RAÍZ**: Hispanic and Latinx colleagues
- **UCB+**: LGBTQ+ colleagues
- **UNITED FOR VETERANS**: Veterans and Veteran Champions
- **WiL**: Women in Leadership

Overall membership of our ERG communities grew by

61%

This accounts for

21%

of our workforce

8
Employee Resource Groups (ERGs)

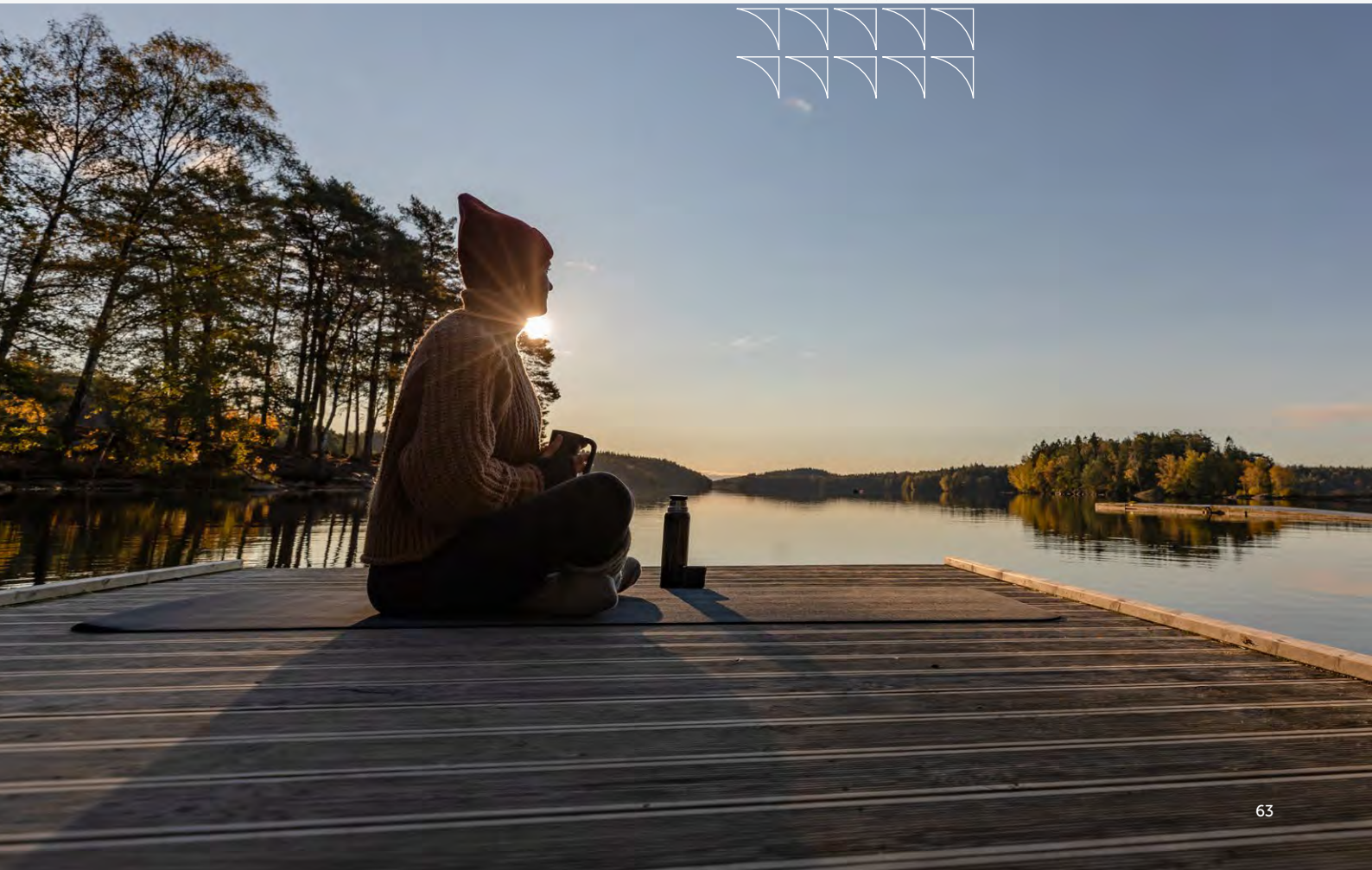
1800
employees involved with ERGs

> "This ERG will ensure that these colleagues have a voice that will fuel UCB's patient value ambition and it will further increase a sense of empathy at UCB, which is a key attribute in the development of people."
>
> Tim Verfaillie, Global Program Manager Sustainability & Avid ERG Leader

Avid Employee Resource Group

About 15% of world's population has a disability. In 2020, an internal survey showed that our colleagues that are caregivers recorded the lowest sense of wellbeing. These findings, combined with growing awareness of the specific needs of colleagues with disabilities, led to the creation of Avid, an ERG for any colleague living with a disability or a chronic, acute, visible, invisible, physical or mental health condition, as well as caregivers or any other colleague who wishes to join. Avid currently has 275 members and the goal is to give all these individuals a voice.

We know that being a member of a group such as Avid can help colleagues realize that there are others going through the same experiences, even if they don't feel that they can share their own concerns. We are here to help increase inclusiveness, to create more equity and build a caring, empathic environment. In short, it's about ensuring all people can thrive.



Together locally

In addition to global, company-wide DE&I initiatives, 2021 saw an increase in local DE&I activities. In the U.S., we implemented a training on courageous conversations to address the systemic nature of racial injustices and inequities. In other markets, thanks to the actions of five local DE&I councils (UK, Germany, U.S., Switzerland and Japan), a number of initiatives have gathered pace, and we expect more local DE&I councils to be created in 2022.

> "Local councils are important to make sure UCB's DE&I approach remains meaningful in our specific locations and realities. You will have different DE&I needs in Germany than you would in China or Belgium or the U.S. So, while aligning with the global approach, we look at what are really the most burning questions for us locally and where we can have a true impact."
>
> Julia Iczek, Talent Partner Corp. Develop. & Finance & DE&I Local Council – Germany

Continuing to strengthen culture and leadership

UCB's strategy builds on our strong foundation of being "Inspired by Patients. Driven by Science".

The cultural component of our strategy is centered on encouraging each of UCB's employees to take accountability to create meaningful value for patients and society by staying focused on value creation and striving to generate a positive impact in everything they do, while elevating the ability to push the boundaries of innovation.

To unitedly deliver on our shared ambition, UCB colleagues must continuously learn, develop and adapt in order to be prepared to tackle internal and external challenges. Attention has been placed on developing the authenticity, adaptiveness and resilience of our leaders and, more recently, their ability to develop multi-level system thinking.

How we evaluate the evolution of culture and leadership

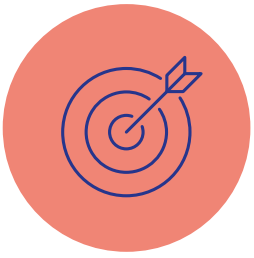
In 2021, we conducted a culture and leadership survey to measure the evolution of culture and leadership over the last few years at UCB. This was achieved through workshops, interviews and crowdsourcing information from leaders within the organization, with the results showing that our expected behaviors are very well known and embedded in the company as the North Star of our culture. Topline feedback from the survey showed our strengths, areas of focus and upcoming topics.

Topline outcomes from the culture and leadership temperature check

The evolution is perceived as **positive**, particularly in relation to **diversity and wellbeing**.
The pandemic provided an opportunity to dial up **care for people**.

Strengths to nurture

Authenticity
People focus & development
Collaboration
Innovation & openness
Diversity



Areas of focus - continue

Adaptiveness
Decision making
Inclusion
Prioritization
Risk appetite
Curiosity

New areas highlighted

Courage
Confidence
Empowerment

These results are serving as a basis to further reflect on how our culture and leadership will evolve to support our next strategic phase.

An organization-wide competency framework was developed in 2021, to increase clarity around performance expectations and establish a clear link between individual and organizational performance. In an era of flexible working, it becomes crucial to guarantee the continued ability to capitalize on strengths and safeguard cross-functional working.

Building on our learning culture

In 2021, 96% of our employees received regular performance reviews, and 82% of our employees received regular career development reviews.

To connect beyond our company and stay abreast of current societal trends and challenges, in 2021 we continued to invite thought leaders to hold talks under the #imagine webinar series, which is also available to the general public. The #imagine webinars are important for all UCB colleagues as, to create value and positive impact on patients' lives, we need to envision our ambition for patients with key societal challenges in mind and develop a deep understanding of the context around us. Connecting these different elements boosts our ability to imagine new approaches for value creation and ensure strong performance and a successful future for UCB. We have invited experts that provided external insights and brought different perspectives to help us reflect on alternative ways for value creation, on topics such as system thinking in healthcare, intersectionality, wellbeing in a digital age, and the roots for vaccine confidence and hesitancy.

Focusing on culture across the organization

Extending the success of the leadership programs we ran with the International Institute for Management Development (IMD) in Switzerland last year, 2021 saw leaders continue to develop their strategic and leadership skills through a series of workshops. UCB continued to mature this program with new modules in the final stages of preparation. These additional modules will be rolled out to leadership in 2022.

Finally, to properly welcome newcomers who joined UCB during the pandemic, a virtual onboarding module was developed integrating elements such as UCB's vision, culture and leadership. We also created a Culture Infusion book to trigger discussions and develop workshops, bringing everybody back to a basic level of understanding of our culture, which places collaboration and curiosity at its heart.

To connect beyond our company and stay abreast of current societal trends and challenges, in 2021 we continued to invite thought leaders to hold talks under the #imagine webinar series, which is also available to the general public.

Learning and development

At UCB we constantly work to close the gap between current and future capabilities to ensure that we can deliver differentiated solutions for patients living with severe diseases.

In 2021, we made important strides in the area of capability planning. By taking both a top-down and bottom-up approach, a broad view of the capability gap emerged which allowed us to define our areas of focus and ensure we are leaving no one behind.

Preparing our workforce for the future

The recent launch of BIMZELX® combined with the richness of UCB's late-stage pipeline has prompted a focused effort on building up our launch excellence capability. The approach relied on strategic capability planning and build/buy/borrow methodologies and was largely successful thanks to a well-anticipated and orchestrated learning and development and talent acquisition. Next to launch excellence, our focus is on our Digital Business Transformation and our Rare Disease capabilities; and we expect to focus on global Gene Therapy capabilities in the coming years. Lastly, we are framing organizational agility as a capability developing across the organization and are aligning existing efforts to accelerate and scale at a pace necessary to meet societal needs, changes and unexpected situations.

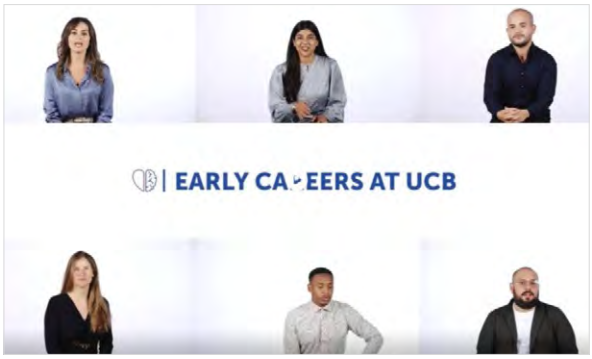
The highly specialized nature of our industry makes for a competitive talent market. Attracting, developing and retaining top R&D talent is therefore crucial. To this end, we rolled out several related initiatives in 2021, targeted specifically at R&D professionals:

- Funding a series of internal and external PhDs at the following academic institutions in the U.K. and EU: the universities of Oxford and Cambridge, King's College London, University College London, Queen Mary University of London, Birkbeck University of London, Edinburgh, Leicester, Liverpool, Manchester, Bristol, and Bath universities, as well as Maastricht University and KU Leuven.
- Hosting a number of guest speakers to talk to young professionals, including motivational speaker John O'Leary, author of "On Fire" and "In Awe".
- Continuing to offer job rotations between different roles to all employees working in Development Solutions, allowing them to expand professional experience and collaborate across different departments.
- The roll out of a sponsorship program between UCB Executives and junior employees to develop emerging talent.

Early Careers program

Attracting the right talent, with the right skills and expertise, is critical for UCB to deliver on our ambition . To nurture future leaders, 2021 saw the creation of the Early Careers Program to develop and improve upon several initiatives already in place. This includes a range of entry options for recent graduates, including a two-year graduate program consisting of three eight-month rotations across international UCB hubs.

2021 also saw us partner with several Belgian universities, such as Mons University, KU Leuven and Université Libre de Bruxelles in the fields of digital, manufacturing and engineering. We established 21 partnerships with universities and like-minded organizations, increasing our presence at global career fairs, insight days and lectures, representing UCB and Early Careers towards an audience of close to 39 000 'Young Talent'. In the U.S., we continued our internship program which was 100% virtual in the past year.



Early Careers Program created in **2021**

21 partnerships with Universities

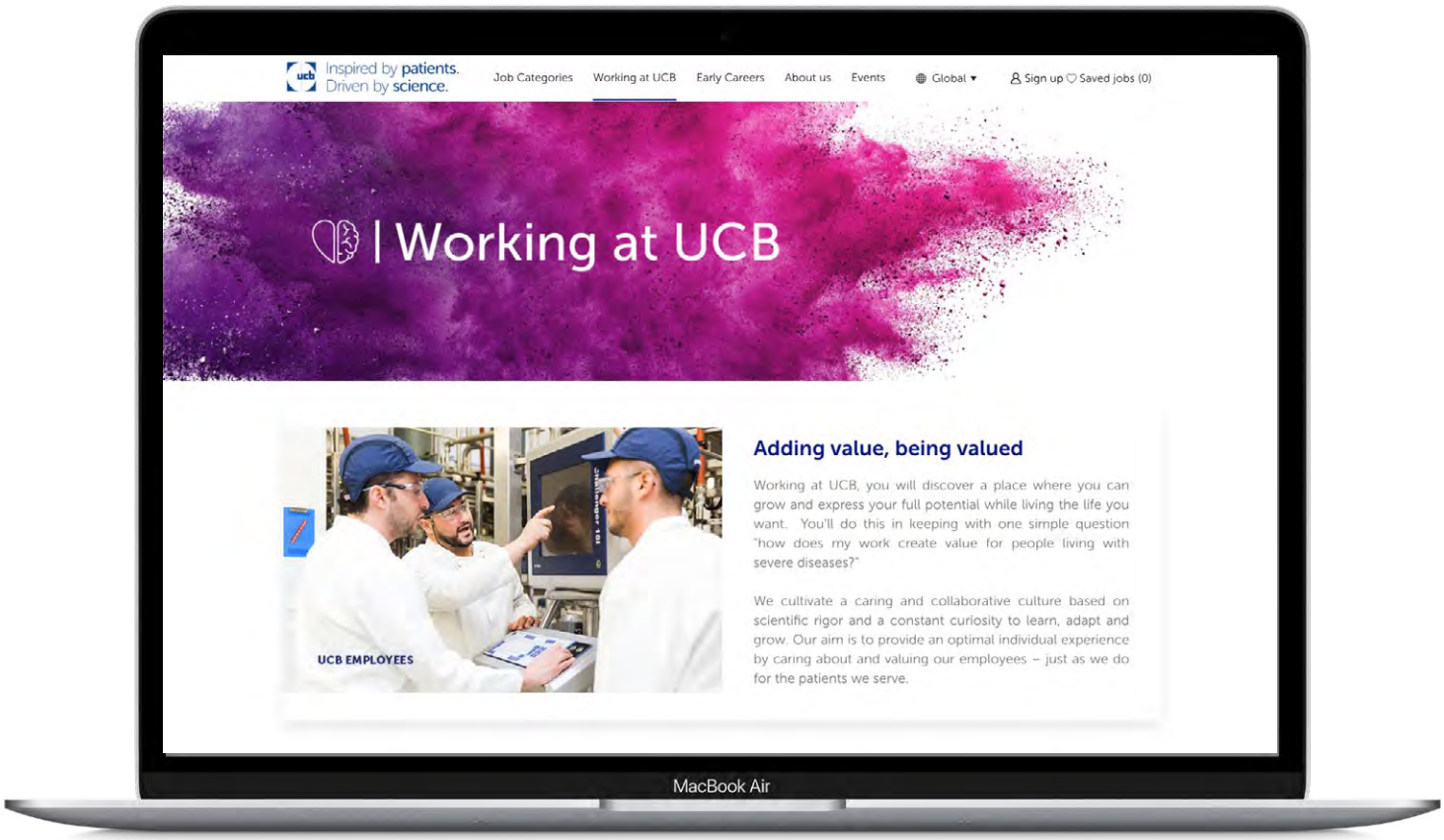
"The Early Career program is for those who are curious, who want to develop their skills and who have the objective of helping patients."

Charles Reyserhove, Early Careers, UCB

Measuring our progress on talent acquisition

Over the past year, a new candidate relationship management tool (CRM) was implemented to manage and measure candidate application traffic to UCB's career site, allowing the management of entire career campaigns to be implemented and monitored. In 2021, we received 836 216 visits to our career site and managed 33 457 applications to deliver against our 1 147 external hires. .

Our commitment to moving towards an insight-led recruitment strategy was recognized in December 2021, when the UCB Talent team received the LinkedIn Talent Insights award for companies headquartered in Belgium. The award recognizes companies who utilized LinkedIn Talent Insights to make informed talent decisions with real-time insights.



In 2021, we received more than 836 000 visits to our career site and welcomed more than 1 100 external hires.

Together for Communities

At UCB, we know that the challenges facing the world, from climate change to rising inequalities, are inextricably linked. We are working to address global challenges at the intersection of our business strategy and wider societal interests, particularly when it comes to areas that are central to our expertise. We also aim to support people living in the communities where we operate, deepening our local connections and helping to address health disparities amongst vulnerable populations.

Strengthening relationships with our suppliers

Ensuring continuity of supply and distribution chains

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

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

Partnering with our suppliers for better societal impact

With a shared goal to deliver societal impact, UCB is committed to providing its suppliers with information key to our shared success. An action plan for tracking supplier compliance on a range of issues including ethical working methods, human rights, ethics and diversity, equality and inclusion issues is already ongoing and we are collaborating with our suppliers to improve our joint performance.

229
suppliers included in the EcoVadis sustainability performance audit

30%
of our spend in 2021

UCB continues to use EcoVadis as its partner to assess our suppliers on dimensions such as environmental protection, labor and human rights, and ethical business practices. In 2021, UCB increased the number of suppliers included in the EcoVadis sustainability performance audit to 229 suppliers, accounting for 30% of our spend. This group includes strategic suppliers, contract manufacturing organizations (CMOs) and contract research organizations.

We collaborate with RiskMethods, a supply chain risk management software that identifies potential risks in our supply chain in terms of labor practice and human rights, fair business practices, ethics and environmental impact. Our risk management approach was also reassessed in 2021 to encompass future risks including natural hazards and water scarcity for our strategic suppliers, in addition to volatility in demand, excessive national stock building and, related to this, export and transportation limitations.

UCB's commitment to the Science Based Targets initiative (SBTi) includes a supplier engagement target; to cover at least 60% of our scope 3 greenhouse gas (GHG) emissions due to external partners by 2025. In order to achieve this target, we define an annual plan to target key suppliers we want to influence. In 2021, UCB ran dedicated digital events for certain categories of suppliers to discuss how they can contribute by reducing their footprint. For CMOs, we run deeper engagement activities and discussions. For more information about how UCB suppliers are being encouraged to reach their own climate targets, see the Reducing our emissions section of the Together for the Planet chapter.

Finally, we aim to engage with business partners to improve ethical, social and environmental performance across our supply chain. UCB has joined forces with other pharmaceutical companies as part of the Pharmaceutical Supply Chain Initiative (PSCI), which aims to advance social, health, safety and environmental outcomes in the communities where we buy. We believe that by sharing knowledge and expertise, PSCI members drive global change more effectively than any one organization alone.

Supporting vulnerable communities through philanthropy

At UCB, we believe our responsibility goes beyond the impact we can create through our business approach. We can make a difference in the world around us through targeted philanthropic contributions, for which we partner with expert organizations to deliver the greatest impact in three key areas:

INSPIRING SCIENCE FOR BETTER HEALTH

Supporting education on science, technology, engineering and mathematics (STEM)

INSPIRING COMMUNITIES TOWARD BETTER HEALTH

Partnering with diverse communities to promote health in their environments

INSPIRING ACCESS TO BETTER HEALTHCARE

Strengthening healthcare systems and reducing healthcare disparities

Inspiring Science for Better Health

In the U.S., Inspiring Science for Better Health is a key focus of our philanthropic efforts. Despite advances in recent years, today's STEM workforce does not reflect the U.S. population with respect to gender, race and ethnicity. To address this gap, UCB sought opportunities to support STEM education opportunities in the communities where UCB has an office. Through a combination of proactive outreach and existing contacts, UCB contributed to 18 local organizations to support STEM education with a special focus on K-12 education and underserved populations.

As an example, UCB supported BioBuilder, based in Boston, USA. BioBuilder takes a comprehensive approach to the emerging field of synthetic biology, providing programs for young students and their teachers to integrate biology and engineering through practical, hands-on lessons and club activities. UCB is supporting the costs of the BioBuilder Apprenticeship Challenge, a pre-professional experience for high school students in the Boston area to prepare them for summer internships in life science companies.

In addition and to reach communities beyond our offices, UCB field-based employees were also provided with the opportunity to nominate a community-based STEM organization in their local area to receive additional donation grants – further expanding our impact.

Inspiring Communities towards Better Health

2020 saw the launch of the UCB Community Health Fund, created in response to the COVID-19 pandemic with the aim of addressing health disparities amongst vulnerable populations. The fund, which is managed by the King Baudouin Foundation in Belgium, takes a holistic view to the term "health", including physical and psychosocial wellbeing.

The Fund's aim is to support these populations by providing grants to organizations designing, implementing and evaluating impact-driven projects, and those pursuing social science and/or medical research projects outside of UCB's traditional therapeutic areas. To that end, in 2021 we launched a second call for projects focused on the mental health of vulnerable young people (15-24 years old).

On this second call for projects, the Fund received 145 applications from organizations and projects positively impacting young people's mental health. This led to us contributing to a total of 49 organizations and projects, providing grant sums of between €30 000 (US$ 36 000) and €50 000 (US$60 000) each. Since its creation in 2020, the Fund has distributed €4.5 million to 99 projects worldwide.

2020 - 2021 summary. Developed with UCB's Visualization Community.

Kubb evenings at Hejmo (SOS Kinderdorpen)

In 2021, the UCB Community Health Fund supported Hejmo, a project from SOS Kinderdorpen. Hejmo is a shelter in Leuven that provides a home for up to nine unaccompanied refugee minors, where they can find the peace, security and the guidance they need to build a new life in Belgium.

Every week in the summer, Hejmo hosts Kubb evenings: events that bring together the young people at Hejmo with a number of invited guests. The parties take place in the garden where Kubb, a bowling game, provides fun and relaxation. The young people take full responsibility for organizing the Kubb evenings: from defining the teams, to cooking for their guests and ensuring the smooth running of the event. While talking and eating together, they get to know many people and organizations. They are thus building a large social network. The evenings also give the young people the opportunity to mutually discover each other's worlds, generating solidarity among the guests and strengthening their social skills.

The many lockdowns somewhat isolated the youth in Hejmo. To reconnect with society around us, we decided to invite people for a friendly game of Kubb. The encounters between our youth and the guests are very valuable. Conversations start spontaneously; the game brings people together. This connection allows our youth to share stories from their home country and their new life here. They are listening and are being listened to. The fact that they organize the events themselves, welcoming the guests, preparing meals, organizing the game, taking pictures, strengthens their confidence in their own talents.

Seppe De Bruyn, social worker, Hejmo

INSPIRING ACCESS TO BETTER HEALTHCARE

Inspiring Access to Better Healthcare

The UCB Societal Responsibility Fund was jointly launched by UCB and the King Baudouin Foundation in 2014 with the objective of improving the quality of life and access to neurological care for persons living with epilepsy in low- and middle-income settings. In 2021 we have evolved the fund to focus our philanthropy efforts on strengthening healthcare systems, under the recently renamed UCB Innovation for Health Equity Fund.

We will continue to work towards making the treatment gap in neurology and epilepsy care smaller for the poorest patient populations.

Our philanthropic approach is a complement to our work to establish social businesses that meet the needs of epilepsy patients in low- and middle-income settings. You can read more about this in the Access section of the Together for Patients chapter.

In the past years, a number of projects in Africa and Asia have been also supported by UCB in different ways. These include activities such as education of health care providers on epilepsy, raising disease awareness, improving access to services such as diagnostic services and training of next generation researchers and neurologists. They have been conducted with partners such as Duke University, Project Hope, WHO, Fracarita Belgium, Handicap International and others. If a program has been delayed because of disruptions caused by COVID-19, UCB has agreed to extend the program into 2022.

We will continue to work towards making the treatment gap in neurology and epilepsy care smaller for the poorest patient populations.

Improving neurological skills in Rwanda

The UCB Innovation for Health Equity Fund provides resources for Ghent University in Belgium to develop a Neurology Masters curriculum with the University of Rwanda.

The curriculum has been scientifically approved. Under this new pathway, rather than studying abroad, residents will enter a local curriculum program.

With the creation of this new opportunity for in-country learning and training, the end goal is to have 16 new neurologists in the country after ending the program. We hope this will contribute to building a regional neurological center of excellence which can in turn better serve the unmet needs of people living with epilepsy in Rwanda and in nearby countries.

Together for the Planet

We take a long-term view of our business activities. We strive to uncouple our growth from our environmental footprint so that we can protect the planet for future generations.

It is now clearer than ever that protecting human health also means safeguarding the health of our planet. At UCB, we strive to develop, produce and deliver solutions for the people we serve in the most environmentally friendly way possible.

We take a long-term view, considering the overall footprint of our business activities alongside our growth. Our efforts in this area are aimed not only at overcoming the challenge on our own, but also working with partners across our end-to-end value chain to make collective and coordinated progress.

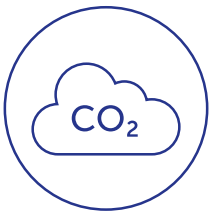
As UCB's portfolio and pipeline continue to grow, we are striving to uncouple our growth from our environmental footprint. With our ambition being in absolute value, and keeping in mind our role in society, we need to continue to reduce our existing footprint while avoiding and absorbing the environmental impact from our growth. Environmental-related risks are reported in the Risk Management section of this report.

We use advanced analytics models to model and forecast our environmental footprint to 2030, including our business growth and the activities we carry out to reduce our impact. We use multiple entry points, such as our historic and current environmental consumptions, our environmental ten-year plan reduction, pipelines, production planning and temperature forecast to create a navigation tool that will chart our footprint and identify where we need to focus, maximize or accelerate our efforts.

Animated video developed to make UCB's health of the planet principles known across the organization.

2030 Priority areas

To demonstrate our joint commitment to contribute to the health of the planet, we have set ambitious targets for becoming carbon neutral and reducing our environmental impact in three main priority areas by 2030:



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

Have **60%** of the emissions created by our suppliers covered by Science Based Targets-like objectives by 2025

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

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

We use advanced analytics models to forecast our environmental footprint to 2030, including our business growth and the activities we carry out to reduce our impact.

Reaching carbon neutrality by 2030

Our commitment to becoming carbon neutral by 2030 for the operations we directly control will be achieved through two mechanisms:

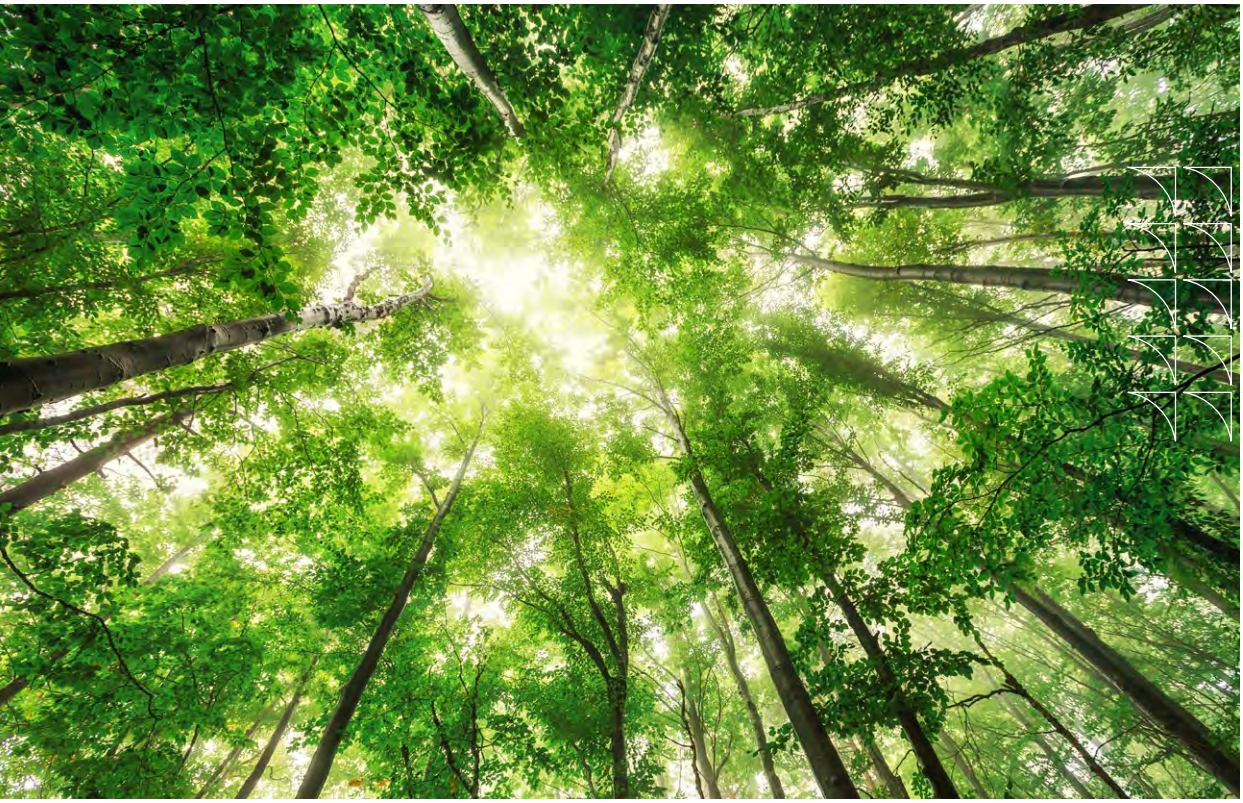
- 80% of our time, effort and money will be invested in reducing our greenhouse gas (GHG) emissions by changing the way we operate. Operationally, this means making our operations more energy efficient, reducing GHG emissions by increasing the usage of energy generated from renewable sources, and mobilizing behavior change among employees.
- 20% will be dedicated to offsetting the short-term impact we cannot avoid via compensation programs. For these efforts, we continue to partner with CO2logic and WeForest, enabling reforestation efforts in the Virunga Park in the Democratic Republic of Congo and the Desa'a Forest in Northern Ethiopia.

80%

of our time, effort and money will be invested in reducing our greenhouse gas (GHG) emissions.

20%

will be dedicated to offsetting the short-term impact we cannot avoid via compensation programs.



Our planetary performance

	2015 (benchmark year)	2019	2020	2021	Variance 2021/2015
Scope covered (% employees)	86%	89%	88%	**89%**	3%
Energy (GigaJoules)	1 137 502	1 018 240	916 421	**971 317**	-15%
Electricity from renewable sources	59%	94%	95%	**90%**	31%
CO_2 emissions (tons)	176 775	127 055	71 796	**67 037**	-62%
Scope 1 – Direct CO_2 emissions	56 353	40 312	30 647	**27 777**	-51%
Scope 2 – Indirect CO2e emissions (market-based)	28 108	3 655	3 167	**5 450**	-81%
Scope 2 – Indirect CO2e emissions (location-based)		18 414	18 025	**18 378**	n/a
Scope 3 – Other indirect greenhouse gas (GHG) emissions	92 314	83 089	37 982	**33 812**	-63%
% of suppliers (by CO2e emissions) committed to Sciences Based Targets alike	-	10%	12%	**23%**	n/a
Water (m3)	804 360	590 867	559 670	**569 827**	-29%
Waste (tons)	9 745	6 605	6 014	**5 950**	-39%
Waste recovered	95%	90%	96%	**95%**	0%

We are exploring how to report to the Task Force on Climate-related Financial Disclosures (TCFD), aimed at improving and increasing reporting of climate-related financial information.

You can read UCB's first TCFD disclosure, reflecting our actions and processes, in the Data & Reporting chapter. We aim to provide a full TCFD disclosure in the near future.

Key initiatives to reduce our overall environmental footprint

As part of our ongoing journey to reduce our environmental footprint, UCB remains committed to embedding initiatives in its local and global business activities to achieve our goals. In 2021, highlights in this area included:

- Approval by the Science Based Targets initiative of UCB's CO2e target. UCB commits to reducing absolute scope 1, 2 and 3 greenhouse gas (GHG) emissions we directly control by 38% by 2030 from a 2015 base year. UCB also commits that 60% of its suppliers by emissions will have science-based targets by 2025.
- Receiving the 'Eco-Design' award for the new U.S. CIMZIA® pre-filled syringe at the PHARMAPACK Packaging Awards.
- Revamping buildings to increase UCB's capacity with green certification (BREEAM for our European sites or equivalent in LEED certification framework for the U.S. and Asia). In relation to the construction of our biggest biologics plant in Braine l'Alleud, our environmental projections have been validated by the Walloon region in Belgium, proving the efficiency of this innovative plant. We expect 21% lower CO_2 emissions compared with an average bio plant, in addition to avoiding 22% of water consumption.
- Organizing a technical Hackathon aimed at building best practices on GREEN HVAC (Heat, Ventilation and Air Conditioning), which continues to be the main area for our scope 1 & 2 energy consumption. This was carried out in collaboration between our manufacturing and engineering teams; our environmental practitioners and our procurement colleagues.
- Calculating UCB's carbon dioxide equivalent (CO2e) indirect impact baseline from our full portfolio of goods and services suppliers.

Reducing our emissions

Taking concrete actions to decrease the emissions we control

In 2021 we reduced our CO_2 emissions by 8% compared to 2020. Business travel continued to remain low (-89% compared to 2015); due to the ongoing pandemic (-9% compared to 2020) but also the gradual roll-out of our hybrid working model. We ask employees to be intentional about their travel means and to consider the value of business travel compared with alternative communications channels used over the past two years.

In order to lower our energy consumption, 2021 saw the widening in scope of our green initiatives which now encompass the entire value chain, in particular in terms of product and supply chain. We expanded our AIR to OCEAN program by adding Japan and Mexico to our list of destinations, increasing the number of reefer containers shipped in 2021 which allowed us to reduce by 21% the TCO2e emitted compared to 2020.

Additional efforts made in 2021 towards achieving our environmental goals included:

- Optimizing energy consumption by making our operations more energy efficient.
- Reducing GHG emissions by increasing the usage of energy generated from renewable sources, either produced at UCB's sites or purchased (on a percentage basis). For example, we continue to move away from fossil fuels in favor of biogas, accelerating our CO_2 reduction.
- Including green by design in our facilities and assets.
- Mobilizing behavior change among leaders and employees, from the recruiting and onboarding of new hires and through internal awareness campaigns about energy consumption and carbon emissions.
- Launching the 'IT for the Planet' program, which aims to address the environmental impact of technology usage via the green lifecycle management of our IT infrastructure and hardware, a sustainable collaboration and computing ecosystem, as well as a responsible vendor management approach and practices.
- Compensating for any GHG we cannot eliminate in the short-term (applying the 80/20 principle), alongside WeForest and CO2logic initiatives.

The total CO2e reported for electricity consumption (market based) has increased by 49% compared to 2020 as we have added into the scope of reporting four sites in the U.S., mainly laboratories, from newly acquired assets and companies in 2019 and 2020.

We ask employees to be intentional about their travel means and to consider the value of business travel compared with alternative communications channels used over the past two years.

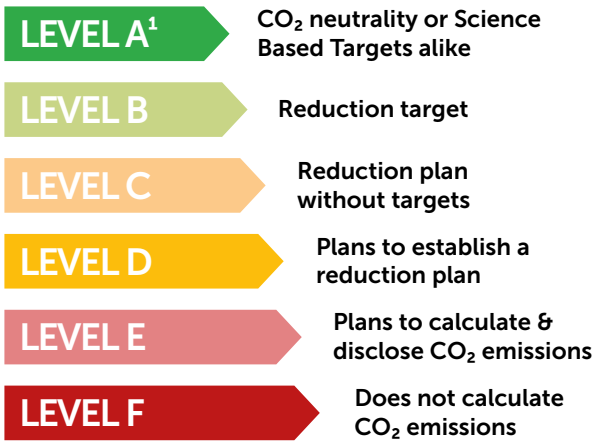
Taking concrete action to reduce GHG emissions we don't directly control

The indirect impact created by the activities of our goods and services suppliers on behalf of UCB represents a significant proportion of our CO2e emissions. Our indirect emissions target is approved by the Science Based Targets initiative.

In recent years, UCB has been working with suppliers and supporting them to shift towards a low-carbon economy. UCB's CO2e indirect impact baseline, which was fully calculated in 2021, sets a clear vision of UCB's suppliers and contract manufacturing organizations' (CMOs) CO_2 emissions as well as their level of maturity in the low carbon economy.

In this regard, we are now requesting CMOs and other partners to join us on our quest to define ambitious climate targets with an aim to have 60% of the emissions created by our suppliers covered by SBTi-inspired goals.

Partners' level of climate targets commitment



1 Level A are suppliers who have a commitment, or a validated Science Based Target (SBT) by the SBT initiative. The level A also includes the SBT alike, which are the suppliers who commit to a minimum scope 1 & 2 emissions aligned with the SBT definition.

To date, 23% of our suppliers (by emission) have reached level A, with other major strategic business partners showing a willingness to move to level A in the coming years. This puts us in a good position to achieve our target, furthered by the general industry trend which is moving in the same direction.

In February 2022, UCB was named by global not-for-profit disclosure system, CDP, as one of their "Supplier Engagement Leaders", in recognition of our efforts to measure and reduce climate risks throughout our supply chain.

In the coming years, we will continue to engage with our key business partners and external manufacturing partners (CMOs) and deploy the approach to other areas within UCB's value chain, such as to our contract research organizations (CROs), raw materials suppliers, etc. In parallel, we have been embedding this "low-carbon economy" maturity assessment and scoring into our supplier selection process. It is now part of our vendor code of conduct, our request for information and proposal process and our selection criteria for all new suppliers and contracts for selected suppliers.

Our Green Scorecard

In 2021, a new initiative aimed at scoring our solutions based on their sustainable performance was launched: the Green Scorecard for Solutions. Based on a systematic "Cradle-to-grave" lifecycle analysis, this allows us to assess our impact and map opportunities for environmental footprint reductions when developing and producing solutions.

To date, 23% of our suppliers have reached level A, with other major strategic business partners showing a willingness to move to level A in the coming years.

WeForest and CO2logic partnerships

In an effort to compensate for the emissions that we cannot offset, UCB continues to collaborate with WeForest and CO2logic. The goal is to restore an area of 22 000 hectares of forest by 2030.

CO2logic supports companies and other organizations towards a low carbon economy by facilitating collaborations with local partners in developing countries. In this context, UCB collaborates with CO2logic and the EcoMakala program, based in the Democratic Republic of Congo (DRC). In the North-Kivu Region, DRC, the EcoMakala Virunga Reforestation project promotes various activities to protect the forests of Virunga National Park (PNVi) and alleviate poverty in the surrounding communities. The project consists of three components:

- Reforestation with fast-growing trees, helping to fight habitat loss of local fauna
- The introduction of improved stoves for cooking
- Fuel substitution of non-renewable charcoal by charcoal from renewable plantations (supply of renewable charcoal).

UCB has also been collaborating with a similar project based in the Desa'a Forest in Northern Ethiopia with WeForest. 74% of the Desa'a Forest has already disappeared and the remaining 26% is severely degraded. This has led to several complications in the area: water conservation is critical and population pressure is high, culminating in a vicious circle of poverty and environmental degradation.

Yet evidence of low clouds and fog that can be intercepted by standing forest has the potential to increase the overall precipitation in this dryland area, reversing the effects witnessed in recent times. Projects that build water basins to collect natural rainwater can alleviate these issues by helping to re-fill the tableshed. The goal is to expand small-scale irrigation for vegetable gardens, using improved and locally adapted vegetable seeds, such as onion, cabbages, beetroot, and potato. Until now, 13 storage pounds have been created by these projects.

UCB is paying close attention to the environmental impacts of chemical manufacturing, and more specifically, working on the eco-design of our medicine production processes.

Eco-design for drug development

UCB is paying close attention to the environmental impacts of chemical manufacturing, and more specifically, working on the eco-design of our medicine production processes.

For petrochemically-sourced solvents, the impact in terms of global warming potential can often be lower than bio-sourced solvents, though they are non-renewable. UCB's CO_2 and waste mapping reinforces the need to focus on reducing the amount of fresh raw materials used in chemical production.

To evaluate our efforts in this area, UCB chose in 2019 to adopt the Global Warming Potential (GWP) metric developed by the American Chemical Society's (ACS) Green Chemical Institute (GCI). This method estimates the kg of CO_2 equivalents necessary to produce 1 kg of Drug Substance. In 2020, the business process to set up ambitious targets for every new synthetic molecule was put in place. At the end of 2021, the first-year review took place, showing that UCB had already made considerable progress towards reaching its target.

Going forward, reducing the amount of CO_2 emissions in drug development will follow five best practices:

- **Reframe:** selection of the most environmentally-friendly synthetic pathway
- **Reject:** shift toward greener solvents
- **Reduce:** reducing solvent use
- **Reuse:** reutilize the process outputs multiple times, as long as it does not negatively impact on safety and quality controls
- **Recycle:** either in-house or externally.

Reducing our water withdrawal

We set our target to reduce water withdrawal by 20% by 2030 compared with our 2015 baseline (absolute figures).

This is an ambitious target, given our business growth strategy and the fact that our Research & Development pipeline includes several antibodies which involve water-intensive production processes.

In 2021 we experienced a slight increase in water consumption, up by 2% compared to 2020. Compared to 2015, we are still aligned with our target, but this trend is likely to continue increasing for several years before we notice a decrease given the company's switch to biopharmaceutical business activities. UCB is tightly working with its development teams to integrate the environmental impact in the decision-making process and minimize future water consumption. We are also exploring options for reusing wastewater on our manufacturing sites. We hope to reach a zero-liquid discharge on our main site at Braine-l'Alleud, Belgium, which will support to uncouple the increase of biopharmaceutical production and our water consumption.

UCB is tightly working with its development teams to integrate the environmental impact in the decision-making process and minimize future water consumption.

Reducing our waste

We set our goal to reduce waste production by 25% by 2030, compared with our 2015 absolute figures as a baseline.

2021 saw an increase of 12% in our waste production due to transformation work on our site at Braine-l'Alleud, investing in efficient technologies for the future and replacing outdated facilities. All the waste produced during this work is managed as part of the BREEAM certification we are targeting for our new facilities, which includes minimizing waste and greater control of the waste we sort so we are able to maximize the amount of waste we recycle.

If we look at our waste production without construction waste to compare the figures to our usual business activities, we remained flat compared to 2020 (with a -1% difference). We expect this 2021 increase to be a one-off occurrence linked to this phase of transformation, and we envisage it to return to previous levels by 2026.

Together with Our Shareholders

We pay attention to patient insights and societal challenges to guide how we do business, create value and generate sustainable business growth. We aim to deliver long-term positive value to our shareholders, today, and bearing future generations in mind, too.

Together with Our Shareholders

2021 revenue

€5 777 million

thanks to current core product growth and new patient populations being served

Adjusted EBITDA

28%

reflecting the high R&D and marketing & sales investment levels

Core earnings per share

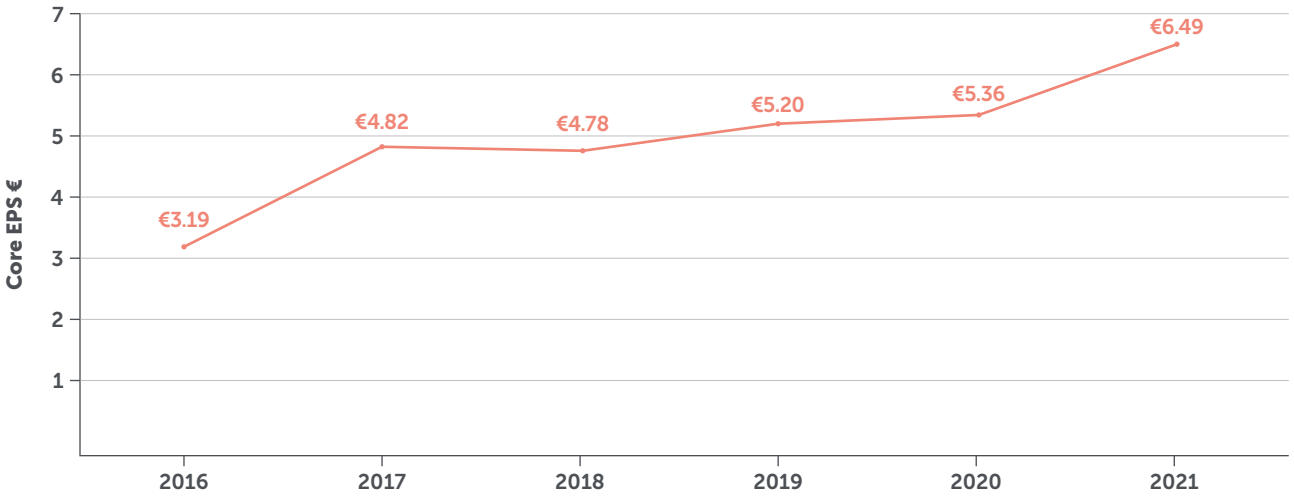
€6.49

based on an average of 189 million shares outstanding

UCB aspires to give people with severe diseases the freedom to live the best life they can – as free as possible from the challenges and uncertainty of diseases. And to get there, we became an innovation-driven global biopharmaceutical company which aims to create value for, and be valued by, our patients, employees, shareholders and a whole host of other stakeholders in society.

Paying attention to patient insights and societal challenges guides how UCB does business and is necessary to generate sustainable business growth and deliver long-term value to our shareholders, who make it possible for the organization to innovate and grow.

Core earnings per share (EPS) evolution

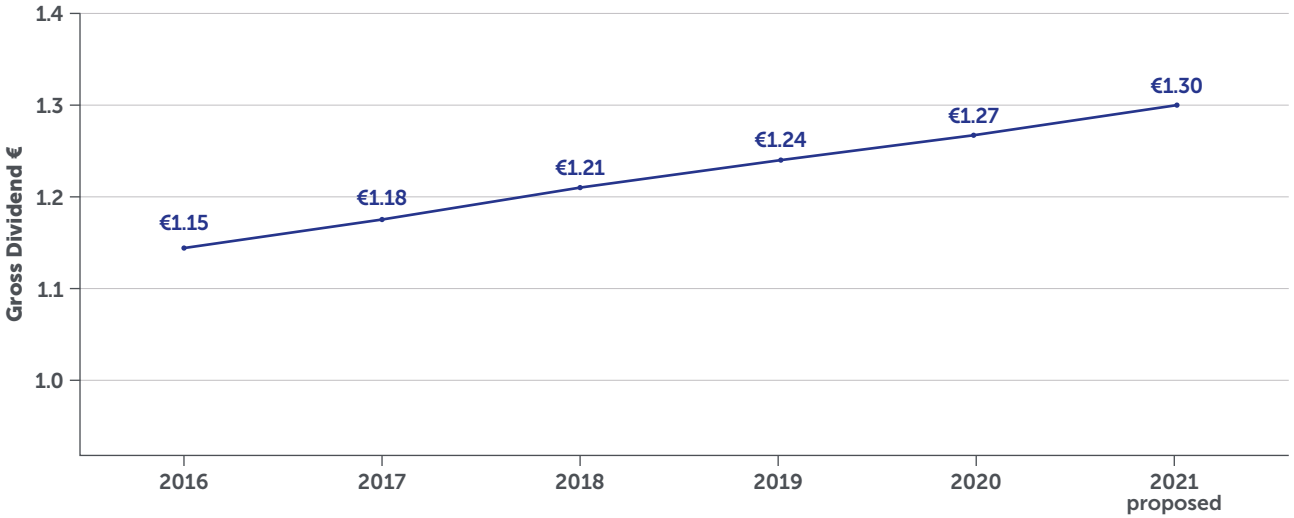


In today's ever-changing and more complex environment, UCB's strategy centered on patients is the best route to achieve our ambition for continued success, delivering positive results for shareholders today, and bearing future generations in mind too.

UCB remains confident in the fundamental underlying demand for our products and our prospects for durable profitability.

The company will continue to closely follow the evolving COVID-19 pandemic, as well as other emerging trends, to assess potential near- and mid-term challenges and opportunities and adapt to the rapid evolution of society. We are entering a transition phase, followed by accelerated company growth. For our financial guidance for 2022, we are aiming for revenue in the range of € 5.15 – 5.4 billion and an underlying profitability (adj. EBITDA) in the range of 26 - 27% of total revenue. By 2025, we want to achieve at least €6 billion in annual revenues and a low-mid-thirties adj. EBITDA margin.

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

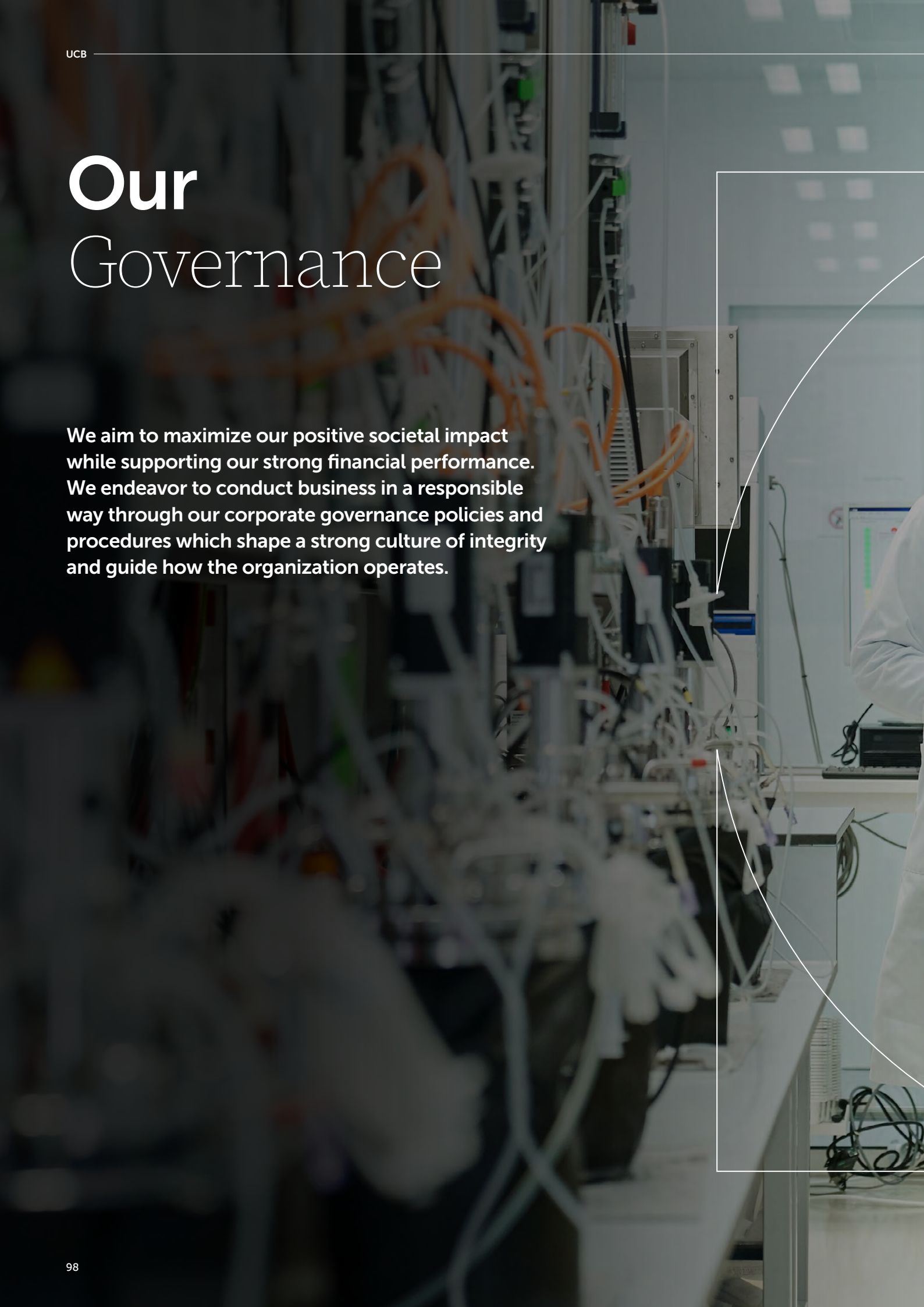


We acknowledge the complex social, economic, and environmental issues facing our world today; and we believe in deepening our societal impact by addressing global challenges at the intersection of our expertise and wider societal interests.

By doing so we not only create value for our key stakeholders but also decrease our company's exposure to long-term environmental, social and governance (ESG) risks.

This year, UCB's ESG risk rating score was upgraded by Sustainalytics from medium- to low-risk level (16.8). We have also seen a continued improvement in other ESG ratings, such as ISS ESG, CDP, and WDI and we are aiming to continue improving our ESG ratings in 2022.

Our Governance



We aim to maximize our positive societal impact while supporting our strong financial performance. We endeavor to conduct business in a responsible way through our corporate governance policies and procedures which shape a strong culture of integrity and guide how the organization operates.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Our Governance

UCB strives to conduct business in a responsible way, maximizing our societal impact while driving business growth. The policies and procedures that we put in place help shape our strong culture of integrity, guide how the organization operates, how decisions are made and how risks are mitigated.

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

The Board's role is to drive total 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.

In an effort to maximize our sustainable value creation, sustainability is considered to be a matter embedded to UCB's strategy and overseen by the full Board of Directors. For this reason, no specific sustainability committee has been created within the Board but UCB has established a Sustainability Governance Committee at management level and an External Sustainability Advisory Board (ESAB). The Sustainability Governance Committee is an internal committee that monitors progress on our sustainability journey. Meanwhile, the External Sustainability Advisory board is composed of six external experts on sustainability which provide an outside perspective on our approach in this field.

1. Ethical Business Practices

Ethical business practices are a core foundational element in driving sustainable business growth. Our mission is complex and brings ethical demands that make each of us reflect on that complexity. We hold ourselves – and each other – to the highest standards, striving to make decisions and choices that are focused on the balanced interests of our stakeholders and acting with integrity in all business dealings.

Our industry is subject to many rules, regulations and industry codes aimed at protecting patients, the healthcare system, the industry and all of us as individuals. UCB is committed to following all applicable laws and regulatory requirements governing our activities. In addition to meeting these obligations, we are guided by ethical principles that drive our actions.

The UCB Code of Conduct is our governing policy that reflects UCB's core company values, including our commitment to sustainability and ethical business practices. The Code outlines the general principles of business conduct that are expected from UCB colleagues and partners throughout the world.

In 2021, a total of 8449 UCB employees completed the Code of Conduct, generating an overall global completion rate of 95%. This included:

- 5304 employees in the EU, with a completion rate of 95%
- 1630 employees in the U.S., with a completion rate of 97%
- 1515 employees in international markets, with a completion rate of 92%.

In 2021, a new Code of Conduct was developed to reinforce the ethical principles and commitments which must drive our decisions and actions. This new version, named "UCB Code of Conduct: our Ethics in Action", was written to express UCB's commitment to ethics and the importance of having our guiding principles be incorporated into everything we do. The Code was developed using input from various groups within the organization, including employees and representatives from the ERGs, as well as from contractors, vendors, and external experts.

The new Code will be rolled out early in 2022 with a dedicated website and online training for all employees. The Code of Conduct will be available in 14 languages and on our internal and external corporate websites. Third parties are also expected to acknowledge and adhere to the principles of the Code of Conduct, and this expectation is reflected in their legal agreements with UCB where necessary.

In 2021, 48% of our employees answered our first global Ethical Culture and Compliance Perception Survey which exceeds the peer benchmark for responses, reflecting the commitment from our employees on this important topic.

The survey provided data on how colleagues see, understand, live and apply ethical principles and behaviors. In addition to the positive signals around the strong commitment to ethics and compliance by employees, the survey results also gave some signals on areas to explore further. An important element of an effective ethics and compliance program is continuous assessment and improvement of the program. The survey results are used to support our commitment to ensuring that the program is dynamic and responsive to the growing needs of our organization.

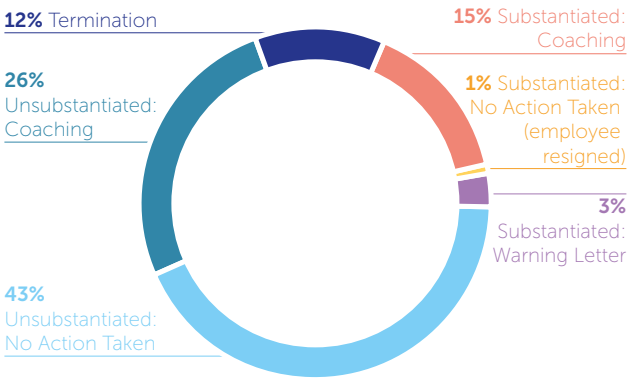
1.1 Compliance Program

UCB's Compliance Program is built based on the established elements of compliance programs defined by the U.S. Office of Inspector General and adapted based on local country requirements. Elements of UCB's compliance program include leadership and governance; risk assessments and due diligence; standards, policies and procedures; training and communications; systems for employee reporting; case management and investigations; testing and monitoring; third-party compliance and continuous improvement.

Our ethics and compliance strategy involves ensuring an open environment where our employees have the space and confidence to report a suspected unethical behavior and compliance breach. Employees are encouraged to report suspected non-compliance or misconduct to their manager or their primary contacts in Legal / Ethics & Compliance / HR departments. In addition, UCB maintains the UCB Integrity Line™ for individuals to submit reports anonymously, if they choose to do so. The UCB Integrity Line™ is comprised of a confidential secure website and toll-free telephone numbers that are managed by an independent third-party agency. The Integrity Line™ is available 24 hours a day, 365 days a year, and in multiple languages for online reporting and telephone reports. UCB has procedures in place for reporting concerns and misconduct, mechanisms for capturing reports, and the handling and investigation reports.

In 2021, we launched a revised version of our global process on the reporting and handling of misconduct and inappropriate behaviors at UCB as well as an improved version of the UCB Integrity Line™. We also ran a global Speak-Up campaign with the tagline "Your voice has power. Speak up when you see something wrong and together we will make it right." which triggered significant engagement from UCB leaders and employees across the different regions. This initiative provided a powerful reminder on the critical important of raising one's voice when observing concerns and how to access and use the reporting system.

94 internal investigations were conducted globally in 2021 with 30 cases substantiated and 4 cases in progress. The cases resulted in the following actions: no action (43%), coaching (41%), termination (12%), warning letter (3%), resignation (1%).



The results from our first global Ethical Culture and Compliance Perception Survey demonstrated that the level of our employees' satisfaction on the reporting mechanisms was comparable with our peer benchmark. We nevertheless noted an improvement opportunity on this important area and we aim to further work on it in 2022 and beyond.

In order to support colleagues dealing with ethical dilemmas, UCB developed its own set of guidelines, built into a practical tool that helps colleagues to (1) identify an ethical dilemma; (2) explore the impact of their choices on stakeholders, not limiting to the immediate impact but considering the impact and perception over time and for future generations; and (3) engage colleagues in conversations to resolve ethical dilemmas.

Competition and antitrust

UCB remains committed to full compliance with all laws and regulations related to anti-competitive behavior, antitrust or monopoly. Our Global Antitrust Policy has been revised in 2021 and additional global guidelines have been introduced. We have also released a new set of e-learnings on EU Competition Law.

In 2021 there were no material actions or litigations associated with UCB.

1.2 Anti-bribery and anti-corruption (ABAC)

The UCB Code of Conduct encompasses, amongst others, core principles and behaviors aiming at mitigating the risks related to bribery and corruption. Considering the nature of our business, UCB identified our engagement of the healthcare stakeholders as the primary Anti-Bribery/Anti-Corruption (ABAC) risk area. ABAC risks are reported in the Risk Management section of this report.

In 2021, the dedicated Anti-Bribery/Anti-Corruption training generated an overall global completion rate of 95%, including 96% for the EU, 99% for the US and 90% for international markets. In 2021, no material cases of bribery or corruption were reported.

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

1.3 Human Rights

UCB and its colleagues are required to comply with all applicable laws and to respect human rights and act with due diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

UCB respects the human rights of workers and ensures that employees are treated with dignity and respect. UCB expects the same behavior from consultants and others acting on behalf of UCB. Respecting Human Rights is the responsibility of everyone. UCB colleagues should notify their Manager or report via Hotline/Helpline or the UCB Integrity Line™ of any adverse impacts involving the company, colleagues or contractors. Human rights risks are reported in the Risk Management section of this report.

UCB is determined to make an impact in the domain of human rights and to take the necessary steps to promote and encourage high ethical standards of working and fair treatment of human beings. We have a zero-tolerance approach to any form of human rights abuses, including forced or child labor, modern slavery or human trafficking.

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

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

1.4 Product Responsibility

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

This Committee ensures that the labeling:

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

1.5 Ethical Marketing

UCB only promotes drugs in accordance with laws, regulations, and industry codes applicable to that country. There is oversight that promotion of drugs is accurate, fair, objective, meets the highest ethical standards, and conforms to local legal requirements. Claims must reflect the latest up-to-date scientific evidence warrants and must be deprived of ambiguity. Promotional, press and scientific communication relating to our compounds, products and disease are submitted to the global or local committees, with members duly trained. UCB does not sell any products that are banned in a market and all UCB products comply with drug regulatory and safety requirements.

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

2. Risk Management

2.1 Our approach to risk management

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

Strengthening our connection to strategy and expanding our risk lens

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

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

2.2 Process and framework

Engaging with key representatives from all operational, functional, and strategic business areas, risks are identified and assessed by each business area and the respective leadership team. In addition, a "top-down/outside-in" assessment is conducted to complete a holistic risk profile. To maximize the impact, top risks are connected to the strategic priorities. An understanding of both how the risk is trending and how well UCB is prepared to respond, is communicated to and discussed with both, our Executive Committee and our Board of Directors.

The risks we face are evolving, thus our approach to management of these risks is dynamic, allowing for new or changed risks to be assessed and reassessed throughout the year. In this regard, in 2021 two new dimensions were incorporated into the risk process: Proximity and Velocity. These measurements help determine how soon risks are likely to develop, and how quickly UCB would be able to react to them should they materialize.

Governance and oversight

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

2.3 Top risks in 2021

The effects of COVID-19 have accelerated a number of risks. We have integrated the COVID-19 dimension into our risk analysis and concluded that our overall risk profile remains stable.

We maintain strong connectivity to our Board of Directors/ Audit Committee and bring their feedback on risk back into the organization. The Global Internal Audit function independently and regularly reviews the top risks and supports the business functions on their risk response. The risks presented are a representation of the top risks identified and managed in 2021.

Top risks identified	UCB's response
Competition from biosimilars, generics and new drug classes Biosimilar and generic entrants and their market impact are increasing globally. In parallel, the launch of new classes of biologic-based drugs contribute to the rich complexity of the biologics market.	UCB supports increasing innovation and access to biologics by investing in superior overall value propositions in target patient populations. We are vigilant to ensure pipeline will bring new growth opportunity as we need to compensate for the impact of generics/ biosimilar of commercialized products. As an innovative company, we offer superior patient outcomes at a competitive cost of care, influenced by a deep understanding of patient and regulatory stakeholder needs.
Intensity of successive product launches UCB delivered strong pipeline results as we continue to pursue and invest in highly differentiated drugs focusing on the needs of well-defined populations. Our next wave of new solutions may come in rapid succession, creating a need for clear value messaging and launch agility.	UCB is matching its capabilities and reallocated resources and talents in an agile way to optimize launch success in a fast moving and changing environment. Leadership and capabilities will continue to evolve in line with our Patient Value Strategy with the development of innovative and adaptive capacity of all leaders and teams.
Exchange rate volatility UCB's revenues are subject to foreign currency exchange rate fluctuations due to the global nature of its operations. U.S. net sales accounted for 53% of total reported net sales in 2021. Manufacturing, research and development, and other operating expenses are incurred predominantly in euro, British Pound and Swiss Franc. Consequently, UCB's results and cash flows are exposed to foreign currency volatility, predominantly to depreciation of the U.S. Dollar, and, to a lower extent, to depreciation of Japanese Yen and appreciation of Swiss Franc and British Pound against the euro.	The financial risks of the UCB group are managed centrally. Group financial risk management policies have been established to identify the net foreign currency exposures of the UCB group, and to hedge anticipated foreign currency cash flows for a period of a minimum of six months and a maximum of 26 months. In addition, the currency composition of the group's assets and liabilities is closely monitored. For further details, refer to Note 4.

Top risks identified	UCB's response
Global pricing and access challenges Pharmaceutical pricing continues to be under scrutiny, with global payers, both government and private, looking for means to reduce costs. Payer strategies include downward pricing pressure, rebate considerations, increase in out-of-pocket costs to patients, and access restrictions. Medicare access changes and other changes in the U.S. government posture have the potential to impede UCB's ability to provide the needed services and solutions to our patients.	UCB is actively engaging in collaboration with payer and industry associations to enable the best access for patients while promoting sustainable solutions that make a material difference across the globe. Our executive and leadership team-level committees monitor and engage with the U.S. policy ecosystem to continue to deliver on our vision of making a difference for people living with severe diseases.
Cybersecurity/big data and artificial intelligence Our world is increasingly dependent on the evolving digital landscape to meet today's goals and to create new paradigms for the future. Cybersecurity and data privacy in all forms is of utmost importance to UCB, as breaches and disruptions can cause reputational, financial and operational damage. Artificial intelligence (AI) is changing the way we live and interact, with the experience already gained at UCB in the AI space, we are constantly reviewing how this can play a role in our patients' lives and in how we do business.	UCB has a multifaceted cybersecurity and data management strategy, along with active programs for the proper prevention, detection and response controls. This includes continuous monitoring and analytics, intrusion incident detection and response, security testing and user awareness training and campaigns. Additionally, UCB is building a Cyber Crisis program that allows us to properly handle large security incidents (e.g. data breach or malware). Two data breaches attempts were notified by UCB as data controller to the Belgian Data Protection Authority, as required by Article 33 of the GDPR. However, none of the incidents involving personal data reported to the supervisory authority resulted in high risk to the rights and freedoms of the data subjects concerned. UCB has established robust processes, procedures and controls to continue to comply with the GDPR legislation as the gold standard for privacy and data protection. In addition, we liaise with regulators to remain abreast of developments as this dynamic area continues to evolve. Ethical reviews will be an integral part of any relevant AI project at UCB.

2.4 Environmental and social risks

Environmental, social and governance risks are managed alongside strategic and company risks in our Enterprise Risk Management process and governance, as described above. These risks are therefore identified and managed according to the policies and procedures of the respective business area and escalated according to the corporate risk management process.

Environment, social and governance risks are not identified among the company top risks above, if they did not reach the threshold defined for the top risk. In that case, the risks are managed at the level of the business area and team. Our risks and mitigation strategies related to scientific innovation and access to medicines are outlined above. In addition to these risks, an overview of social, environmental and governance risks is given below.

Social risks

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

Environmental risks

Risk identified

UCB has identified certain risks related to the nature of our manufacturing, supply and business operations. Apart from the risk to locally cause soil or water pollution which might result from its industrial activities, UCB recognized that climate change, and more specifically the related current and future regulatory requirements and the accelerating transition to a low carbon economy might globally adversely impact UCB's compliance status and value chain, if not addressed firmly.

UCB's response/policy

UCB has defined a robust environmental ambition and developed a strategy and policy to minimize our environmental footprint and impact, on the short as well as on the long term. UCB's response to the environmental risks identified include:

- Setting ambitious and absolute targets for reducing our local and global environmental impact by 2030.
- Assessment of environmental impact asset-by-asset, so we can fully understand and address how each asset contributes to our environmental footprint and how we can take steps to reduce this impact accordingly.
- Dedicate 80% of our efforts to reduce our GHG emissions and 20% to GHG compensation programs for any emissions we cannot reduce in the short-term.
- Partnership with suppliers and contract manufacturing organizations so that our partners also define ambitious climate targets.
- Prioritization of renewable sources such as wind, solar, hydro and biomass for the energy needed to run our sites and facilities.
- Regular review of processes for locating opportunities for improved performance in energy saving, water conservation and reduction / recovery of waste.

ABAC risks

Risk identified

In line with our sustainable business approach, UCB is committed to conducting business in accordance with the highest ethical standards and all forms of bribery and corruption are prohibited. This includes offering, promising, authorizing or providing anything of value (directly or indirectly) to any customer, business partner, vendor or other third party in order to induce or reward the improper performance of an activity connected with our business. This includes interactions with government officials or individuals in the private sector.

UCB's response/policy

Bribery and extortion are illegal everywhere, and UCB and its colleagues will not engage in it. That includes the receipt of bribes that would or might cause a UCB colleague to violate his or her duty of loyalty to UCB.

All UCB colleagues must comply with all applicable antibribery laws worldwide. Violations of these laws can result not only in the loss of business but also may lead to severe criminal and civil penalties for UCB and the individuals involved.

Human rights risks

Risk identified

UCB is committed to conducting business in accordance with the highest ethical standards and respecting human rights in all that we do. UCB respects the human rights of workers and ensures that employees are treated with dignity and respect.

UCB's response/policy

UCB and its colleagues are required to comply with all applicable laws and to respect human rights and act with due diligence to avoid infringing on the rights of others, as expressed by the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. UCB expects the same behavior from consultants and others acting on behalf of UCB. Respecting Human Rights is the responsibility of everyone.

3. Corporate Governance Statement

Introduction letter from the Chair of the Governance, Nomination and Compensation Committee

Dear Reader,

As Chair of the Governance, Nomination and Compensation Committee of the Board ("GNCC") since April 2021, I am honored to introduce the Corporate Governance section of our 2021 Integrated Annual Report and share some governance highlights of the year.

2021 was a year of change in the composition of the Board of UCB, as we bid farewell to several esteemed members of the Board and we welcomed our new board members who bring with them a wealth of health care experience.

First, our new Chair of the Board, Dr. Stefan Oschmann, former CEO of Merck, joined us following a long and distinguished career in life sciences, and brings exceptional leadership skills, strategic business experience and above all, a track record in creating sustainable value for patients, people, communities, the planet and shareholders.

We were equally thrilled to welcome Professor Susan Gasser as Board member and member of the Scientific Committee. Susan brings in-depth experience in various scientific fields including biophysics, molecular biology and genetics – key to UCB's future development. Her roles on renowned scientific review panels and international advisory roles will help guide the Company for the coming years.

We were also very pleased to announce Jonathan Peacock's appointment to the Board and Chair of the Audit Committee. Jonathan has a stellar record within biotech and pharmaceutical industries, including having served as CFO of Amgen Inc and later, of Novartis' pharmaceutical division.

I, myself, am humbled to take on the role of Vice Chair of the Board and Chair of the Governance, Nomination and Compensation Committee of UCB, a Company that I am deeply familiar with and proud to be part of, having spent several years working within the organization, firstly as EVENITY® Commercial Lead, then Head of EU for the Bone business and later as Venture Partner at UCB Ventures. As Vice Chair and Chair of the GNCC, I look forward to contributing to our ambition to enable people living with severe diseases, their caregivers, and their families to live their best lives and endeavor to serve UCB in our transformation towards biopharma leadership.

Apart from being a year of change in terms of Board composition, 2021 has been an exciting year from a governance perspective, most notably in view of our sustainability approach.

To accelerate our efforts and impact we established in late 2020 the External Sustainability Advisory Board ("ESAB"), which brings together thought leaders, each recognized as a change agent in society, to work in collaboration with our CEO, Executive Committee, Board of non-executive Directors and other senior leaders. The ESAB will help us stay on track with what society expects from a sustainable biopharma leader and has been integrated since 2021 into UCB's long-term strategic plan discussions. The GNCC also endorsed the long-term plan for inclusion of extra-financial indicators into Executive short-term and long-term incentives, with the first steps of this journey outlined in our Remuneration Report (section 3.7). Furthermore, sustainability has been incorporated into all aspects of decision-making, for instance in the revision of the Company Code of Conduct, in our Patient Value Strategy and within our Launch Excellence.

In line with our aim to have open and constructive relationships with all our stakeholders, the GNCC has also encouraged more frequent and regular engagement with investors, to gather their feedback and understand their priorities while also ensuring mutual understanding, with relevant contextual information, of UCB's priorities and choices. In 2021, UCB organized two roadshows with its top 20 investors, focusing on ESG matters. A first roadshow was organized in March 2021, prior to our AGM, and a second one in November/December 2021 with deep dive into our sustainability approach. Beyond the top 20 investors, shareholders who expressed the willingness to engage with UCB on ESG matters were also invited. UCB also engaged on a regular basis with proxy advisors on these matters.

Finally, building on and integrating the feedback from this engagement with our stakeholders, UCB is publishing in this report, details of the blend and diversity of skills of our Board members. This is a point we will continue to closely monitor and evolve with the Company's needs. UCB also confirms that it has procedures in place, both as part of its succession planning and as an ongoing process, to monitor the external appointments of its Board members, as well as their independence, in accordance with Belgian and European regulation, as well as international standards.

I look forward to further develop the solid foundation of governance UCB has built over the years, and maintaining a stakeholder-centric, sustainable and long-term holistic view of our landscape to inform our future evolution.

FIONA DU MONCEAU
Vice Chair of the Board and Chair of the GNCC

3.1 Scope of reporting

As a Belgian company listed on Euronext Brussels, UCB SA/NV ("UCB") is committed to the highest standards of corporate governance and is required by Belgian law (in particular Article 3:6[1] of the Belgian Code of Companies and Associations or the "BCCA") to apply the 2020 Belgian Code on Corporate Governance or the "2020 Code", which both entered into force on January 1, 2020.

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

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

As required by the BCCA and the 2020 Code, UCB also publishes every year as part of its Annual Report a Corporate Governance Statement, which includes all information required by law as well as a description of how the 2020 Code has been applied in the last reporting year and, if applicable, an explanation of any deviations to the provisions of this Code (application of the comply or explain approach). This section of the Integrated Annual Report constitutes the Corporate Governance Statement for the year 2021.

3.2 Capital and shares

3.2.1 Capital

The capital of UCB has not been modified in 2021. On December 31, 2021, it amounted to € 583 516 974 and was represented by 194 505 658 shares.

Since March 13, 2014, the share capital of UCB is represented by 194 505 658 shares, all fully paid up ("UCB shares").

3.2.2 Shares

UCB shares may be in registered or dematerialized form, at the request of the shareholder, in accordance with the BCCA.

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

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

Registered UCB shares are recorded in the share register of UCB. All UCB shares are admitted for listing and trading on Euronext Brussels. Each share gives right to one vote ("one share one vote" principle).

3.2.3 Treasury shares

In accordance with article 12 of the Articles of Association of UCB (the 'Articles of Association'), the Extraordinary General Meeting of April 30, 2020 decided to renew, for a period of 2 years starting on July 1, 2020 and expiring on June 30, 2022, the authorization granted to the Board of Directors to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of the Company's shares, as calculated on the date of each acquisition, for a price or an exchange value per share which will not be (i) higher

1 Article 3:6 of the BCCA refers to the Royal Decree dated May 12, 2019 on the applicability of the 2020 Belgian Code on Corporate Governance to listed companies.

2 The "2020 Belgian Code on Corporate Governance" is available on the website of the Belgian Corporate Governance Committee: https://www.corporategovernancecommittee.be/en/over-de-code-2020/2020-belgian-code-corporate-governance

than the highest price of the Company's shares on Euronext Brussels on the day of the acquisition and (ii) lower than one (1) euro, without prejudice to article 8:5 of the royal decree of April 29, 2019 implementing the Belgian Code of Companies and Associations. As a result of such acquisition(s), the Company, together with its direct or indirect subsidiaries, as well as persons acting on their own behalf but for the account of the Company or its direct or indirect subsidiaries, may not hold more than 10% of the total number of shares issued by the Company at the moment of the acquisition concerned. This authorization extends to any acquisitions of the Company's shares, directly or indirectly, by the Company's direct subsidiaries in accordance with article 7:221 of the BCCA. A renewal of this authorization for a period of 2 years expiring on June 30, 2024 will be submitted to the General Meeting of April 28, 2022.

In 2021, UCB SA acquired 750 000 UCB shares and disposed of 898 441 UCB shares. On December 31, 2021, UCB SA held a total of 5 331 781 UCB shares representing 2.74% of the total number of UCB shares, and no other UCB securities. The UCB shares were acquired by UCB SA in order to cover part of UCB's obligations resulting from the employees' stock option plans, stock award plans and performance share plans. None of its affiliates is holding UCB shares on December 31, 2021.

3.2.4 Authorized capital

The Extraordinary General Meeting of April 30, 2020 decided to renew the authorization to the Board (and to amend the Articles of Association accordingly), for a period of 2 years, until May 9, 2022, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits set by the BCCA.

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

In any event, the total amount by which the Board may increase the share capital by a combination of the authorizations set forth in (1) and (2) above, is limited to 10% of the share capital at the time of the decision of the Board to make use of this authorization.

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

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

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

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

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

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

At December 31, 2021, the Board did not make use of this authorization. Since the authorization granted by the Extraordinary General Meeting of April 30, 2020 will expire in 2022, a renewal of the authorized capital for a new period of 2 years expiring on 2024 will be proposed to the General Meeting of April 28, 2022.

3.3 Shareholders and shareholders' structure

3.3.1 Reference shareholder

The main shareholder of UCB SA is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 68 333 981 UCB shares on a total number of 194 505 658 (i.e., 35.13%) as at December 31, 2021.

Based on the most recent public disclosure made by Tubize, the shareholder structure of Tubize per December 31, 2021 was as follows:

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

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

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

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

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

3.3.2 Transparency notifications

During 2021, UCB issued or received the following transparency notifications in accordance with the law of May 2, 2007 on the disclosure of large shareholdings:

On March 29, 2021, UCB sent a transparency notification to the FSMA, confirming that UCB SA's holding in UCB shares had crossed upwards the lowest threshold of 3%. On March 24, 2021, UCB SA/NV owned 5 855 888 UCB shares with voting rights (versus 5 742 539 UCB shares in its previous notification dated January 20, 2020), representing 3.01% of the total number of shares issued by the Company (194 505 658) (versus 2.95% in the notification dated January 20, 2020).

An updated transparency notification has been submitted by UCB to the FSMA on April 7, 2021, due to UCB executing its obligations towards employees (and delivering shares to its employees) in the framework of the Long-Term Incentive plans of the UCB group. As a result, voting rights relating to voting securities held by UCB SA/NV crossed downwards the lowest notification threshold of 3% on April 1, 2021.

UCB received a transparency notification from FMR LLC. as well, dated August 5, 2021. FMR LLC., notified that, following an acquisition of UCB shares with voting rights by its affiliates, its holding in UCB shares with voting rights had increased and crossed for the first time the 5% threshold on July 30, 2021. The previous notification dated July 28, 2020 stated that FMR LLC., including the holding of its affiliates, as of July 27, 2020, owned 7 060 944 UCB shares with voting rights, representing 3.63% of the total number of shares issued by UCB.

Finally, UCB received a transparency notification from Wellington Management Group LLP, dated September 2, 2021. Wellington Management Group LLP notified that, following a disposal of UCB shares with voting rights by its affiliates, its shareholding in UCB SA decreased and crossed the threshold of 7.5% on September 1, 2021. On September 1, 2021, Wellington Management Group LLP (taking into account the holding of its affiliates) owned 14 516 633 UCB shares with voting rights (versus 15 575 749 shares in its previous notification dated October 3, 2019), representing 7.46% of the total number of shares issued by the Company (194 505 658), versus 8.01% in its previous notification.

All these notifications, as well as more recent notifications received in 2022, can be found on UCB's website.

3.3.3 Relationship with and between shareholders

Please refer to Note 44.4 for an overview of the relationship of UCB with shareholders. Furthermore, UCB is not aware of any agreements between its shareholders, apart from the information mentioned below.

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

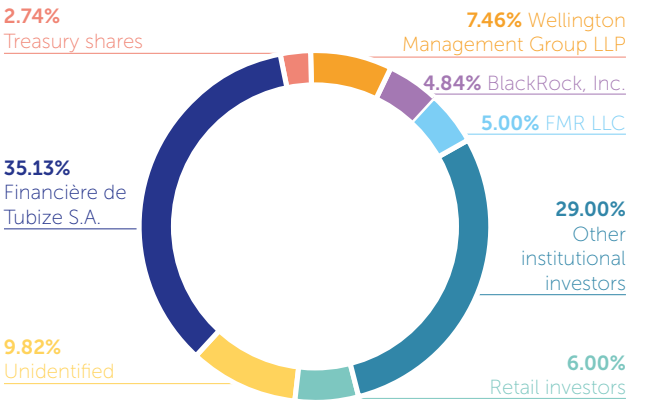
On August 25, 2021, UCB received an updated notification pursuant to article 74, §8 of the Law on public takeover bids from Tubize (available on the UCB website), in which Tubize declared that since July 31, 2020, it acquired 257 000 UCB shares, owning a total of 68 333 981 shares, representing 35.13% of the total number of shares issued by the Company (194 505 658).

3.3.4 Shareholder structure

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

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments), taking into account the shareholders' register of UCB, the transparency notifications received pursuant to the Law of May 2, 2007 on the disclosure of large shareholdings, the notification received pursuant to article 74, §8 of the Law of April 1, 2007 on public takeover bids, the notifications to the FSMA pursuant to the Law of August 2, 2002 on the supervision of the financial sector and the financial services and as the case may be, more recent public disclosures (situation as per December 31, 2021):

Shareholding	Amount of shares	%
Financière de Tubize S.A.	68 333 981	35.13%
Treasury shares	5 331 781	2.74%
Wellington Management Group LLP	14 516 633	7.46%
BlackRock, Inc.	9 412 691	4.84%
FMR LLC	9 728 407	5.00%
Other institutional investors	56 406 641	29.00%
Retail investors	11 670 339	6.00%
Unidentified	19 105 185	9.82%
Total shares	**194 505 658**	**100%**



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

UCB Controlling and major shareholdings on December 31, 2021

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

Last update:	December 31, 2021		Situation as per
Share capital (€)	**€ 583 516 974**		**Mar 13, 2014**
Total number of voting rights (=denominator)	**194 505 658**		**Mar 13, 2014**
1 Financière de Tubize SA ('Tubize')			
securities carrying voting rights (shares)	68 333 981	35.13%	May 21, 2021
2 UCB SA/NV			
securities carrying voting rights (shares)	5 331 781	2.74%	Dec 31, 2021
assimilated financial instruments (options)[1]	0	0.00%	Mar 6, 2017
assimilated financial instruments (other)[1]	0	0.00%	Dec 18, 2015
Total	**5 331 781**	**2.74%**	
Free float[2] (securities carrying voting rights (shares))	**120 839 896**	**62.13%**	
3 Wellington Management Group LLP			
securities carrying voting rights (shares)	14 516 633	7.46%	Sep 1, 2021
4 BlackRock, Inc.			
securities carrying voting rights (shares)	9 412 691	4.84%	Jan 13, 2020
5 FMR LLC			
securities carrying voting rights (shares)	9 728 407	5.00%	Jul 30, 2021

All percentages are calculated on the basis of the current total number of voting rights

[1] Assimilated financial instruments within the meaning of article 6, section 6 of the Law of May 2, 2007 on the disclosure of large shareholdings.

[2] Free float being the UCB shares not held by the reference shareholder (Tubize) and UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

Assimilated financial instruments within the meaning of article 6, §6 of the Law of May 2, 2007 on the disclosure of large shareholdings.

Free float being the UCB shares not held by the reference shareholder (Tubize) and UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

In-line with UCB's long-term dividend policy, the Board proposes a gross dividend of € 1.30 per share (2020: € 1.27). If the dividend is approved by the Annual General Meeting on April 28, 2022, the net dividend of € 0.91 per share will be payable as of May 3, 2022 against the delivery of coupon #25.

3.3.5 General Meeting of Shareholders

In accordance with the Articles of Association, the Annual General Meeting of Shareholders (the 'General Meeting') takes place on the last Thursday of April at 11.00 AM CET. In 2022, this will be on April 28.

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

3.4 Board of Directors and Board committees

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

3.4.1 Board of Directors

Composition of the Board and independent Directors

Board composition and changes in 2021

As of the General Meeting held on April 29, 2021, the Board of Directors was composed as follows:

STEFAN OSCHMANN

Chair of the Board

1957 - German

UCB Board Mandate

- Member since 2021
- Member of the Governance, Nomination and Compensation Committee since 2021
- End of term: 2025

Experience

Over 20 years of experience in the biopharma and healthcare industry

Main external appointments

- Chairman of the Board AiCuris Anti-infective Cures AG*
- Member of the Board Springer Nature*
- Member of the Foundation Board Schörghuber KG
- Member of the Supervisory Board Malteser Deutschland

FIONA DU MONCEAU

Vice-Chair of the Board

1978 – Belgian

UCB Board Mandate

- Member since 2021
- Chair of the Governance, Nomination and Compensation Committee since 2021
- End of term: 2025

Experience

Over 20 years of experience in the biotech and pharmaceutical industry

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Governor of the London Business School & member of their audit and risk committee

Mandates of Board members in listed companies are marked with an *

JEAN-CHRISTOPHE TELLIER

Executive Director

1959 - French

UCB Board Mandate

- Member since 2014
- End of term: 2022

Experience

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

Main external appointments

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

JAN BERGER

Independent Director

1957 - American

UCB Board Mandate

- Member since 2019
- End of term: 2023

Experience

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

Main external appointments

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

KAY DAVIES

Independent Director

1951 - British

UCB Board Mandate

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

Experience

Over 20 years in the scientific research at Oxford University

Main external appointments

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

ALBRECHT DE GRAEVE

Independent Director

1955 - Belgian

UCB Board Mandate

- Member since 2010
- Member (since 2010) and Chairman (from 2015 to 2021) of the Audit Committee
- End of term: 2025

Experience

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

Main external appointments

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

SUSAN GASSER

Independent Director

1955 - Swiss

UCB Board Mandate

- Member since 2021
- Member of the Scientific Committee since 2021
- End of term: 2024

Experience

- Director of the Friedrich Miescher Institute for Biomedical Research, part of the Novartis Research Foundation (2004 - 2019)
- Board of Directors of the Genomics Institute of the Novartis Foundation (2014 - 2018)
- University professorships (2001-2021)
- Board of Directors of the ETH Domain, Bern, Switzerland (2018 - ongoing)
- Chairman of the Strategic committee of the Helmholtz Institutes of Health sciences, Germany (2019 - ongoing)
- Nestlé Nutrition Council (Intl scientific board) (2008 - 2018)

Main external appointments

- Director of the ISREC Foundation, Lausanne, Switzerland since 2021
- Member, Swiss Wissenschaftsrat (Swiss Science Council, SSC), Bern since 2016
- Member, ETH Board (Governing Board of the ETH Domain), Switzerland since 2018
- Chair, Strategic Board of the Helmholtz Society Health Program, Germany 2019-2027
- Scientific advisor, VI Partners AG*, Switzerland since 2021

Mandates of Board members in listed companies are marked with an *

PIERRE L. GURDJIAN

Independent Director

1961 - Belgian

UCB Board Mandate

- Member since 2016
- Vice-Chair from 2017 to 2021
- Member of the Governance, Nomination and Compensation Committee since 2016
- End of term: 2024

Experience

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

Main external appointments

- President of the Board of the Université Libre de Bruxelles
- Member of the Board of Lhoist

CHARLES-ANTOINE JANSSEN

Director

1971 - Belgian

UCB Board Mandate

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

Experience

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

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Managing Partner at Kois s.a.
- Partner and CIO of several impact funds; Board member of private companies

CYRIL JANSSEN

Director

1971 - Belgian

UCB Board Mandate

- Member since 2015
- End of term: 2023

Experience

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

Main external appointments

- Member of the Board of Financière de Tubize SA*
- Member of the Board of FEJ SRL

VIVIANE MONGES

Independent Director

1963 - French

UCB Board Mandate

- Member since 2017
- Member of the Audit Committee since 2018
- End of term: 2025

Experience

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

Main external appointments

- Member of the Board of Novo Holdings
- Member of the Board of Pharvaris*
- Member of the Board of ADC Technologies*
- Member of the Board of DBV Technologies*
- Chair of the Supervisory board of EUROAPI

JONATHAN PEACOCK

Independent Director

1958 - British

UCB Board Mandate

- Member since 2021
- Chair of the Audit Committee since 2021
- End of term: 2025

Experience

More than 30 years pharmaceutical, biotechnology, corporate finance and strategy experience including global CFO roles at Amgen and Novartis Pharma, Board leadership in building young biotech companies and leadership roles in corporate finance and strategy as a partner at McKinsey and Price Waterhouse

Main external appointments

- Lead independent Director at Avantor Inc*
- Chair of Bluesphere Bio
- Board member Real Chemistry

CÉDRIC VAN RIJCKEVORSEL

Director

1970 - Belgian

UCB Board Mandate

- Member since 2014
- End of term: 2022

Experience

Over 20 years in the banking and financial sector, mainly with IDS capital. During those years, he specifically built a global network of private equity investors and key opinion leaders in Digitalization, Health tech, Smart City Technologies, Blockchain and Climate related technologies.

Main external appointments

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

Mandates of Board members in listed companies are marked with an *

ULF WIINBERG
Independent Director
1958 - Danish/Swedish

UCB Board Mandate
- Member since 2016
- Member of the Audit Committee from 2016 to 2021
- End of term: 2024

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

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

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

At the General Meeting of April 29, 2021, the mandates of Viviane Monges (independent Director) and Albrecht De Graeve (independent Director until the Annual General Meeting of 2022), were renewed for a term of four years. The same General Meeting also ratified the cooptation of Susan Gasser (independent Director) for the period from January 1, 2021 until April 29, 2021 and appointed her as independent Director for a term of four years until the close of the Annual General Meeting of 2025. Finally, the General Meeting of April 29, 2021 appointed (i) Stefan Oschmann (independent Director), (ii) Fiona du Monceau (Director) and (iii) Jonathan Peacock (independent Director), all for a term of four years until the close of the Annual General Meeting of 2025.

Evelyn du Monceau, previous Chair of the Board, reached the age limit in the course of 2020 and resigned from the Board with immediate effect as from the closing of the AGM 2021. She was replaced by Stefan Oschmann as Chair of the Board.

Since the AGM 2021 with the departure of Evelyn du Monceau and Roch Doliveux, the total number of Board members increased from 13 to 14 members, which is within the maximum limit currently set forth in the Charter (15 Board members). This increase is designed to ensure a smooth transition, continuity and succession planning for the years to come, after a year of important changes in the Board composition and other critical functions at UCB. In 2021, the Board had a new Chair and Vice Chair, a new chair of its Audit Committee and a new member of its Scientific Committee, while at the same time, a new External Auditor was appointed (Mazars).

On December 31, 2021, Stefan Oschmann, Jonathan Peacock, Susan Gasser, Kay Davies, Albrecht De Graeve, Viviane Monges, Pierre Gurdjian, Jan Berger and Ulf Wiinberg all qualify as independent Directors and meet the independence criteria, as set forth by the 2020 Code and the Board. The mandate of Albrecht De Graeve was renewed at the AGM of April 29, 2021 for a term of 4 years (until the AGM of 2025). However, given that his total tenure as Director will be of 12 years at the time of the AGM of April 28, 2022 (maximum tenure for an independent Director under the 2020 Code), Albrecht De Graeve will no longer qualify as independent Director as of that date. For this reason, he will step down from the Audit Committee after the AGM of April 28, 2022, but he will remain in the Board as non-independent Director for the remainder of his mandate.

Fiona du Monceau, Charles-Antoine Janssen, Cyril Janssen and Cédric van Rijckevorsel are representatives of the Reference Shareholder and, as such, are not eligible to qualify as independent Director. Jean-Christophe Tellier being the CEO of UCB SA/NV, is also not eligible to qualify as independent Director. He is also the only executive director in the UCB Board.

In 2021, the Board was therefore composed of a majority of independent Directors: out of the 14 members, 9 members were independent. The Board was also composed of 5 women out of a total of 14 members (35%), in compliance with the gender diversity requirement of Article 7:86 BCCA.

Expected Board Changes in 2022

The mandates of Jean-Christophe Tellier, Cédric van Rijckevorsel and Kay Davies will expire at the Annual General Meeting of April 28, 2022 ("AGM 2022") and the Board will propose at this AGM the renewal of their mandate for a new period of four years.

While Mrs. Kay Davies reached the age limit in 2021, the Board is proposing to renew her mandate as permitted under section 3.2.4 of its Charter of Corporate Governance. Mrs. Kay Davies is chairing the Scientific Committee of the Board and is bringing a unique scientific contribution at the level of the Board. Applying the age limitation rule without exception would have led to a simultaneous change of the two scientists of the Board in the period 2021-2022. Given the long development cycles in creating new medicines that can span more than a decade, coupled with new drug research modalities such as gene therapy where UCB is investing in new platforms, proposing the re-election of Mrs. Kay Davis for a new mandate is considered by the Board the best option to maintain continuity in the follow up of this key scientific evolution for UCB. It also allows the Company to count another new key scientist in the Board (Susan Gasser). Her re-election is guaranteeing that UCB maintains a sufficient level gender diversity in the Board as requested by Belgian law. If re-elected, Mrs. Kay Davies shall continue to be the Chair of the Scientific Committee and member of the GNCC. She meets the independence criteria stipulated by article 7:87 of the Belgian Code of Companies and Associations, by provision 3.5 of the 2020 Belgian Corporate Governance Code and by the Board.

Upon confirmation of the above renewals by the General Meeting of April 28, 2022, and in accordance with the Charter, the Board will continue to be composed of a majority of independent non-executive Directors. All special Board Committees will also continue to be composed of a majority of independent Directors:

- Audit Committee: Jonathan Peacock (Chair & independent), Viviane Monges (independent) and Charles-Antoine Janssen (non-independent);
- GNCC: Fiona du Monceau (Chair and non-independent), Stefan Oschmann (independent), Pierre Gurdjian (independent) and Kay Davies (independent);
- Scientific Committee: Kay Davies (Chair & independent) and Susan Gasser (independent).

Jean-Christophe Tellier will continue to be the only executive Director (CEO) in the Board.

Following the proposed renewals, and if approved by the AGM 2022, the Board will still be composed of 5 women out of 14 members (35%), remaining compliant with the gender diversity requirement of Article 7:86 BCCA.[8]

Functioning of the Board

In 2021, the Board met six times for its regular meetings, including for its 3-day annual strategic meeting (October). Because of the COVID-19 pandemic, and except for its meetings in July and October 2021, all other meetings were held by videoconference, which is allowed by Belgian law and the Articles of Association of the Company. The attendance rate of its members for its regular meetings was as follows:

		Attendance rate
Evelyn du Monceau	Chair *	0%
Stefan Oschmann	Chair **	75%
Pierre L. Gurdjian	Vice Chair *	100%
Fiona du Monceau	Vice Chair **	100%
Jean-Christophe Tellier	Executive Director	100%
Jan Berger		100%
Kay Davies		100%
Albrecht De Graeve		100%
Roch Doliveux		100%
Susan Gasser		100%
Charles-Antoine Janssen		100%
Cyril Janssen		100%
Viviane Monges		100%
Jonathan Peacock		100%
Cédric van Rijckevorsel		100%
Ulf Wiinberg		100%

* Until AGM 2021
** As from AGM 2021

Evelyn du Monceau was not able to attend her last two board meetings for health reasons

Stefan Oschmann was not able to attend the July board meeting for health reasons

On top of its regular meetings, the Board also met via shorter *ad hoc* videoconference calls to decide on specific projects. The Board used the unanimous written procedure authorized by law at one occasion during the year for the approval of an urgent matter. The Board also had a few more informal sessions to reflect on its ways of working, onboarding, leadership and team dynamics following the substantial changes that took place in the composition of the Board after the AGM 2021.

During 2021, the Board's main areas of discussion, review and decisions included:

- The strategy of UCB and the overall supervision of its implementation by the Management, including ESG matters and the integration of sustainability into the overall ambition and activities of the Company, the long-term innovation strategy, and manufacturing capabilities.
- The performance of the Company and the monitoring of the impact of the COVID-19 pandemic on the performance and the overall business and activities of the Company.
- Resource & cash allocation and budget.
- Monitoring of the launch of BIMZELX®.
- Launch preparedness and Organizational model for Rare diseases.
- Business Development and M&A Projects (including the public offering for the acquisition of Zogenix).
- Digital business transformation & Cybersecurity.
- The integration of the new Board members and Board as a team dynamic.

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

There were no transactions or contractual relationships in 2021 between UCB, including its affiliated companies, and a member of the Board, giving rise to conflicts of interest, except as reported in section 3.12.

All new Board members appointed in 2021 benefited from appropriate onboarding program, including individual meetings with each member of the Executive Committee and selected senior managers of UCB. Given the substantial changes in the composition of the Board in 2021, the Board held several sessions to work on its team dynamics and ways of working. The Board used to hold two executive sessions per year (i.e. sessions in the absence of the CEO, the only executive Board member), one in June and another one in December. This year, the Board decided to cancel these sessions. The June and December Board meetings had to be held virtually and the June Board meeting was also the first meeting of the newly composed Board under the new chairmanship of Stefan Oschmann. It was considered at the time not appropriate to hold such executive session. This was also considered not appropriate for the December Board meeting. Not holding such sessions is therefore an exception to the rules of the 2020 Code which stipulates in its article 3.11 that "*non-executive board members should meet at least once a year in the absence of the CEO and the other executives*".

Assessment of the Board

In accordance with its Charter (section 3.5), the Board is to conduct an assessment on a regular basis and at least every other year. The last assessment was carried out in 2019 by an external consultant and was reported in the Integrated Annual Report 2019. The Chair of the GNCC is responsible for conducting the Board effectiveness assessment process and for reporting the results to the Board. In accordance with the above rules, an assessment should have normally taken place in 2021. However, given that 2021 was a year of critical changes in the composition of the Board (see above) the newly constituted Board (as of May 2021) was of the opinion that it was too early for conducting such assessment and decided to postpone it to 2022. This will allow the Board to assess functioning and performance of the Board after a full year cycle.

Honorary directors

The Board has nominated following directors as honorary directors:

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

3.4.2 Board committees

Audit Committee

The Board has set up an Audit Committee whose functioning and terms of reference are in accordance with the BCCA, the 2020 Code and the Charter. It is composed of a majority of independent Directors, all non-executive Directors, and is chaired by Jonathan Peacock, since his appointment as independent director by the AGM of April 29, 2021. Before his appointment and until April, 29 2021, the Audit Committee was chaired by Albrecht De Graeve, independent director. Albrecht De Graeve will step down from the Audit Committee at the AGM of April 28, 2022, as he will no longer qualify as independent director as from that date. All members have the competencies in audit and accounting matters as required by article 7:99 of the BCCA.

		End of term of office	Independent Director	Attendance rate
Albrecht De Graeve	Chair *	2025	X	100%
Jonathan Peacock	Chair **	2025	X	100%
Charles-Antoine Janssen		2024		100%
Viviane Monges		2025	X	100%
Ulf Wiinberg	*	2024	X	100%

* Until AGM 2021
** As from AGM 2021

The Audit Committee met four times in 2021. Each Audit Committee meeting includes separate private sessions attended solely by the internal and external auditors respectively without management presence. As necessary, the External Auditors attended all or part of each Audit Committee meeting. Because of the COVID-19 pandemic, the meetings of the Audit Committee took place by videoconference, except for the meetings in July and in October that were held in-person.

The Audit Committee meetings were also attended by Sandrine Dufour (EVP - Chief Financial Officer & Corporate Development), Thomas Debeys (Head of Internal Audit since September 2021), Doug Gingerella (former Head of Global Internal Audit and Special Advisor to the CEO since September 2021) and Xavier Michel (Group Secretary General), who acts as secretary of the Audit Committee.

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

In 2021, and in accordance with its terms of reference (see the Charter available on UCB website), the Audit Committee monitored the financial reporting process (including the financial statements); internal control and risk management systems of UCB and their effectiveness; the internal audit and its effectiveness, (with a particular focus on this topic considering the change of the Head of Internal Audit as of September 1, 2021); the Audit Plan and resulting achievements; the statutory audit of the annual and consolidated accounts; the review and monitoring of Pensions schemes and liability; the independence of the External Auditor including the provision of additional services to UCB, which the Audit Committee reviewed and for which it authorized the fees. Cybersecurity and IT controls as well as Enterprise Risk Management (including risks relating to the COVID-19 Pandemic) also remained high on the agenda of the Audit Committee in 2021. The Audit Committee had a close look at the non-financial information reporting process, approach, methodology and measures to ensure its consistency with the reporting of the financial information in the Integrated Annual Report.

Since 2021 was a year of transition to a new External Auditor (Mazars was appointed at the AGM of April 29, 2021), the Audit Committee focused on the performance of the newly appointed External Auditor and the overall external audit process to be put in place with the new External Auditor.

Governance, Nomination and Compensation Committee

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

		End of term of office	Independent Director	Attendance rate
Evelyn du Monceau	Chair*	2021		0%
Fiona du Monceau	Chair**	2025		100%
Kay Davies		2022	X	100%
Pierre L. Gurdjian		2024	X	100%
Stefan Oschmann	**	2025	X	67%

* Until AGM 2021
** As from AGM 2021

Evelyn du Monceau was not able to attend her last GNCC meeting for health reasons

Stefan Oschmann was not able attend the July GNCC meeting for health reasons

The GNCC met four times in 2021. The committee was attended by Jean-Christophe Tellier (CEO), except when discussing issues relating to him, and by Jean-Luc Fleurial (EVP & Chief Human Resources Officer), who has been acting as secretary of the GNCC, except when discussing issues relating to him and to the CEO compensation. Because of the COVID-19 pandemic, the meetings of the GNCC were organized by videoconference, except for the meetings in July and October which were held in-person. In 2021, and in accordance with its terms of reference (see the Charter available on UCB website), the GNCC reviewed and made recommendations with respect to the appointments to be submitted to Board approval (senior management positions), the performance of the Executive Committee members and their remuneration. It also proposed and reviewed the succession planning and new appointments of the members of the Board, the Executive Committee and senior executives. It reviewed and made relevant proposals or recommendations to the Board with respect to the future composition of the Board and of its committees, to be effective as of approval by the General Meeting of April 28, 2022.

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

The GNCC also focused on remuneration related matters (remuneration policy and Remuneration report) and the results of the ESG roadshows with investors performed in March and November 2021.

It reviewed and submitted to Board approval the remuneration report and policy 2020 (for its submission to the AGM 2021), the short-term and long-term incentives to be granted to the management (including the CEO) and the performance criteria to which these grants were linked, as well as the Group LTI plans conditions.

The GNCC has also been closely following up on corporate governance matters, taking the feedback from the ESG roadshows mentioned above.

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

Scientific Committee

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

		End of term of office	Independent Director	Attendance rate
Kay Davies	Chair	2022	X	100%
Susan Gasser		2025	X	100%

They meet regularly with Dhaval Patel (EVP & Chief Scientific Officer) and Jean-Christophe Tellier (CEO). The members of the Scientific Committee are also closely involved in the activities of UCB's Scientific Advisory Board (SAB) composed of external leading scientific medical experts (usually 3 meetings per year). The SAB, composed of ad hoc experts, provides 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. Furthermore, 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. This year, because of the restrictions imposed on physical meetings due to the COVID-19 pandemic, only one in-person SAB meeting took place. The subject matter of this meeting was Gene Therapy Clinical development. The Members of the Scientific Committee also participated in the R&D Portfolio review meeting organized by Management and which took place in January 2021 (in virtual format).

Throughout the year, the members of the Scientific Committee continued to meet regularly with Dhaval Patel, UCB's Chief Science Officer, to maintain a continuous engagement and dialogue on the science and early pipeline. In 2021, the Scientific Committee continued to look closely at the development of the Gene Therapy strategy.

3.4.3 Governance for Sustainability

UCB's sustainability ambition is embedded in the overall strategy of UCB as defined by the Board, upon proposal of the Executive Committee. Sustainability is considered to be a matter for the full Board (strategy) and, for this reason, no specific sustainability committee has been created within the Board.

At management level, UCB has established a Sustainability Governance Committee and has appointed a Head of Sustainability who directly reports to the CEO.

UCB also created an External Sustainability Advisory Board (ESAB), composed of a mix of external international experts in sustainability, who can inspire, as well as challenge and advise on the sustainability dimension of UCB's strategy and results and provide an "outside in" perspective. Board members have access to the meetings of the ESAB and at least one member of the Board with ESG skills & experience is participating in the meetings of the ESAB. The external members of this advisory board are currently Mr. Elhadj As Sy (President Kofi Annan Foundation), Ms. Sandrine Dixson-Declève (Co-President Club of Rome), Ms. Charlotte Ersbøll (Trustee Forum for the Future), Ms. Teresa Fogelberg (Former GRI deputy Chief Executive), Ms. Hannah Jones (CEO, the Earthshot Prize at the Royal Foundation of the Duke and Duchess of Cambridge), and Mr. Bright Simons (Founder and President mPedigree). A report of the EASB is presented to the Board of Directors of UCB on an annual basis. The first report was presented to the Board of UCB in October 2021 (at the occasion of its annual strategic meeting).

3.5 Executive Committee

Composition of the Executive Committee

In 2021, the Executive Committee was composed as follows:

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

Jean-Christophe Tellier

Chief Executive Officer

1959 – French

Joined UCB in 2011

- Appointed CEO in 2015

Main external appointments

- Chair of BCR (Biopharmaceutical CEO's Roundtable)
- President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations)
- Member of the Board of the European Federation of Pharmaceutical Associations (EFPIA)
- Vice-Chair of the Innovation Board Sponsored Committee (EFPIA)
- Member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America)

Experience

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

Dhaval Patel

Executive Vice President & Chief Scientific Officer

1961 – American

Joined UCB in 2017

- Appointed in 2017

Main external appointments

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

Experience

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

Iris Löw-Friedrich

Executive Vice President & Chief Medical Officer

1960 – German

Joined UCB in 2006

- Appointed in 2008

Main external appointments

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

Experience

Physician, board-certified in internal medicine, with more than 20 years of experience in the development of medicines.

Joined UCB in 2017
- Appointed in 2017

No external appointments

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

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

Joined UCB in 1994
- Appointed in 2015

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

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

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

Joined UCB in 2019
- Appointed in 2019

No external appointments

Experience
Pharmacist, with more than 34 years of experience in manufacturing and supply of pharmaceuticals, with senior executive positions at SmithKline Beecham and Pfizer in Germany, Australia, and the U.S.

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

Jean-Luc Fleurial

Executive Vice President & Chief Human Resources Officer

1965 – French

Joined UCB in 2017

- Appointed in 2017

No external appointments

Experience

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

Sandrine Dufour

Executive Vice President & Chief Financial Officer

1966 – French

Joined UCB in July 2020

- Appointed in 2020

Main external appointments

- Member of the Board of WPP

Experience

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

Bill Silbey

Executive Vice President & General Counsel

1959 – American

Joined UCB in 2011

- Appointed in 2019

No external appointments

Experience

Over 35 years of experience in biopharmaceuticals legal affairs, mergers and acquisitions, business development, venture capital, litigation and compliance activities as well as experience as a partner in 2 U.S. business law firms.

The composition of the Executive Committee is reflecting the ways of working of the group and is aimed at fostering agility, cross collaboration and the transversal dimension of the organization.

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

Honorary chairmen of the Executive Committee

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

- Roch Doliveux
- Georges Jacobs de Hagen
- Daniel Janssen

Functioning of the Executive Committee

The Executive Committee met on a regular basis with an average of 1 to 2 days a month in 2021.

There were no transactions or contractual relationships in 2021 between UCB, including its affiliates, and a member of the Executive Committee.

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

3.6 Diversity at Board and Executive Committee level

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

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

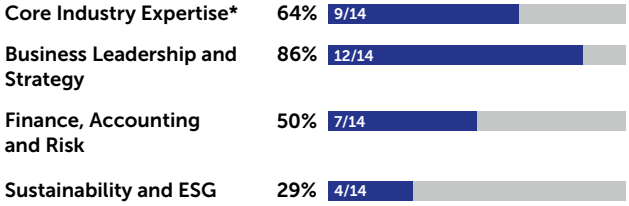
Diversity at the Board level

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

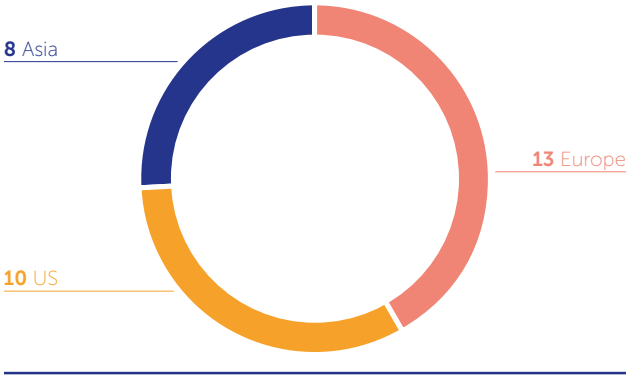
The Board is currently made up of 14 members of which 5 women and 9 men, with 7 nationalities represented (see also above).

Building on and integrating the feedback from our stakeholders, details of the skills diversity, as well as the specific geographic expertise of the Board members, are included in the 2021 integrated annual report. Beyond gender diversity, UCB Board always strives to keep a balanced mix of diversity in terms of skills, experience, geographical expertise, nationality, age, independence, tenure as well as any other relevant criterion. The diversity of the Board can be visualized as follows:

Board Skill Distribution

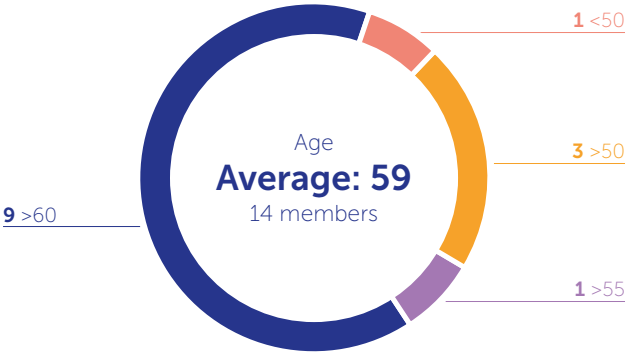


Specific Geographic Expertise (Europe, USA, Asia)

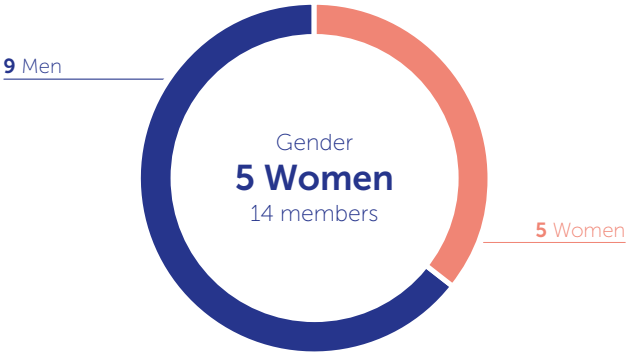


* Which encompasses pharma specific expertise in R&D, medical & clinical, portfolio strategy, regulatory and market access

Age

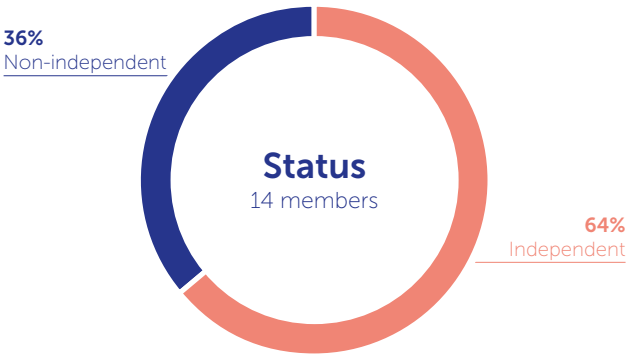


Gender

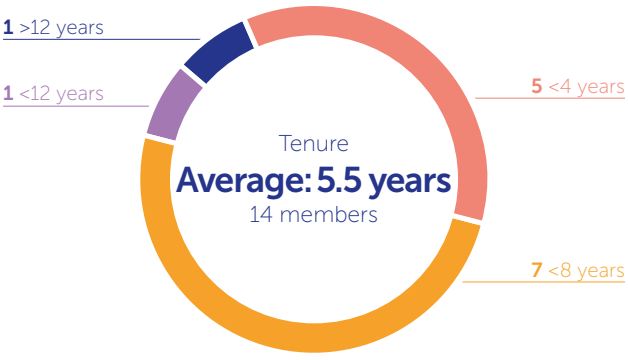


Nationality

Status



Tenure



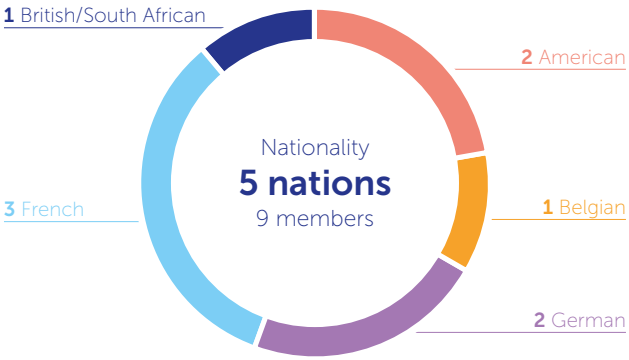
Diversity at the Executive Committee level

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

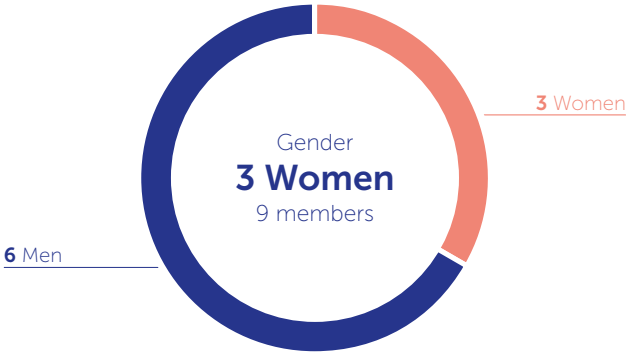
Today, UCB's executives come from a diverse education and multi-disciplinary professional backgrounds. In 2021, the committee was made up of 9 members of which 3 women and 6 men with 5 nationalities represented.

At the end of 2021, the diversity characteristics for the Executive Committee can be visualized as follows:

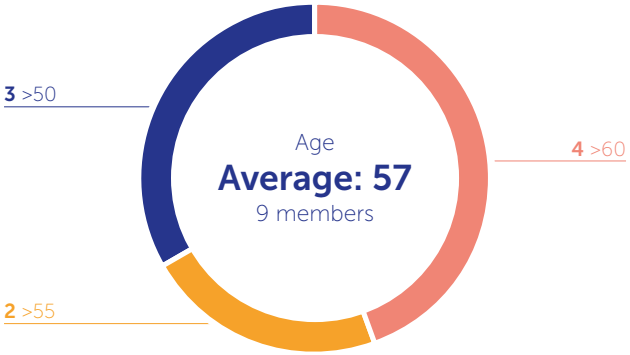
Nationality



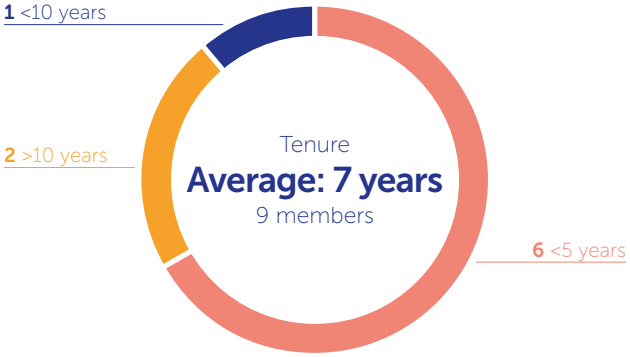
Gender



Age



Tenure



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

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

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

3.7 Remuneration Report

At UCB, we have a fundamental commitment to enabling people living with severe diseases, their caregivers, and their families to live the best life they can - as free as possible from the challenges and uncertainty of disease. To do so, we continuously need to innovate to bring differentiated solutions with unique outcomes, ensure access for all patients who need our solutions in a way which is viable for patients, society and UCB so that ultimately we help patients achieve their life goals and create the best individual experience for them.

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

In this report we look back at 2021 and reflect on how our performance, including our progress on our sustainability ambition, influenced our executive remuneration recommendations.

AGM and Stakeholder Engagement

As mentioned in the introduction to the Corporate Governance Statement, we have continued to engage with our investors and with proxy advisors to understand their specific priorities and to solicit their feedback on our planned policy evolution, with a special focus on our sustainability approach.

And while we were pleased with the voting outcomes for both our remuneration report (90.63% votes in favor) and policy (96.38% votes in favor) we firmly believe that that we need to continuously strive for improvement and incorporate feedback into our governance practices, including our remuneration policy. We had positive feedback to our efforts to increase transparency compared to previous years and acknowledge that several investors would like further information in this respect.

Several proposed changes are summarized in the Remuneration Policy – Looking Ahead section below.

2021 performance highlights

Significant agility and resilience were required to navigate continuing global challenges. 2021 was a pivotal year for UCB, as we closed the Accelerate and Expand phase of our strategy and prepared the pathway to our Breakthrough and Lead phase. Despite many headwinds in 2021, we are proud of our achievements which resulted in our meeting most of our corporate goals and either meeting or overachieving our top and bottom-line targets. To prepare for launches while advancing a robust pipeline at all stages of development and facing continued uncertainty in global health, economics and policy, it was critical for us to manage profitability with discipline and with robust scenario planning.

Sustainable growth not only required a careful balancing of resources, but also a focus on creating incremental value for all our stakeholders: the patients who need our solutions, our employees, the communities where we work, our shareholders, and the planet.

We achieved a strong financial performance, while maintaining a solid level of investment in research and development and making progress on our commitments to our stakeholders. Some of our key achievements (as detailed in the Annual Report) in the past year include:

- Sustained financial performance with revenue in 2021 reaching € 5 777 million, up by 8% (+10% CER) and net sales increasing to €5 471m, also 8% higher than last year (+11% CER)
- This solid growth, mainly driven by the continuous growth of UCB's product portfolio and supported by a change in the distribution model for E KEPPRA© in Japan, was at the high end of financial expectations set by UCB in February 2021, especially when considering the headwinds faced.
- Adj. EBITDA increased to €1 641m (+14%; +21% CER), while net profit stood at €1 058 million up from € 761 million (+39%; +51% CER) driven by continued revenue growth and moderately growing operating expenses, reflecting the investments into the future of UCB. As reflected in the core EPS calculation, the company exceeded guidance as well as internal targets.
- Our new psoriasis treatment BIMZELX® was approved in the EU and the UK for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

- Following the acquisition of Ra Pharmaceuticals, Inc. in 2020 we were delighted to obtain positive topline results from our MycarinG study investigating the efficacy and safety of rozanolixizumab in patients with generalized myasthenia gravis (gMG), and also progressed our phase III studies in Zilucoplan.
- We announced the launch of Nile AI, Inc., a new independent company developing an epilepsy care management platform to help make the journey of every epilepsy patient more predictable.
- We integrated our sustainability ambition deeper in our governance and operational model and made robust progress across all pillars of our sustainability approach, in scientific innovation, patient access to medicines across the geographies in which we operate, employees' health, safety and wellbeing, and protecting the health of the planet, while making great progress on diversity, equity, and inclusion. We also significantly improved our ESG ratings.
- We accelerated our digital business transformation in core operations and breakthrough initiatives such as our strategic collaboration with Microsoft, combining their computational abilities and expertise with UCB's drug discovery and development capabilities, to discover new medicines in a more innovative way.

Application of Remuneration Policy - 2021 remuneration outcomes

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

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

All 2021 related remuneration decisions were taken in accordance with our approved remuneration policy. The key recommendations made to the UCB Board by the Governance, Nomination and Compensation Committee (GNCC) were the following:

- Annual bonus outcomes were determined in reference to performance against objectives and the GNCC's assessment of the CEO and Executive Committee members' levels of performance. This has resulted in a bonus payment above target. For the CEO specifically, the overall payout was € 1 456 186 (see below for more details). The GNCC and Board believe that these bonus outcomes appropriately reflect the overall 2021 performance.
- The 2018-2020 performance share plan, vesting in 2021, was based on achieving several pre-determined measures: R&D pipeline milestones, cashflow conversion rate, relative revenue growth over the three years and level of employee engagement. This resulted in an overall vesting level of 118% against a maximum potential payout of 150% of target. In addition, Stock Options and Stock Awards vested as detailed later in this report.

When the GNCC recommended salary, bonus and LTI outcomes to the Board, following a full assessment of performance across all relevant measures, it did not derogate from the 2021 remuneration policy in its determination.

The remuneration policy for UCB's Executive Committee Members and Non-Executive Directors was reviewed and validated by the GNCC on February 19, 2021 and approved by the Board of Directors on February 24, 2021. The policy was adopted during the General Meeting of Shareholders on April 29, 2021 and became effective as of January 1, 2021.

Remuneration policy – Looking Ahead

As we progress on the integration of sustainability in our corporate culture and business strategy, we are increasingly embedding collective sustainability measures resulting from our materiality assessment into the variable remuneration of our Executive Committee members and CEO as this is an intrinsic part of our performance.

Our aim in this journey is to do this progressively, with robust KPIs that are assured by our auditors. Several of our sustainability pillars are not represented in variable pay collective measures – some will remain in individual objectives and some will transition into our variable pay programs as we gain insights and experience on how we can precisely measure and influence outcomes. As from 2022 we are planning these first steps:

- The use of a negative modifier linked to our Health, Safety & Wellbeing Index (HSWB Index link) to impact the overall bonus of the Executive Committee and CEO. The pandemic has shown us that the health, safety and wellbeing of our workforce is essential for sustainable performance and by embedding this metric we aim to keep a focus on maintaining a robust foundation of care for our employees and pushing the bar for HSWB even higher. Our metric will not provide an additional benefit to the Executive Committee members compared to the broader workforce but instead reduces the bonus of the Executive Committee by 5% if a specific threshold compared to our annual target is not reached.
- We are also including as from 2022 a new metric in our Performance Share Plan linked to our patient access ambition. Our goal with this KPI is to measure and drive timely access for patients who need our newly launched solutions, through improvements in national & local reimbursement. The metric will be linked closely to our Access Performance Index and will represent a 10% weighting in the plan while Annual Revenue Growth and Adjusted Cumulative Operating Cashflow Compounded would each carry a weight of 45%. As we progressively include other extra-financial KPIs these weightings could evolve over time.

To ensure we remain aligned to competitive market levels, we performed a review of our Board committee fees, the last review having been conducted in 2019. While we saw that, overall, our Board and committee member fees remain aligned with market levels, we did identify that the committee Chair fees were lagging behind market peer levels. The proposed increased remuneration corresponds to a level closer to the regressed median of our European Pharma reference UCB peer group (i.e. relevant peer pharma median data, adjusted to UCB's revenue size). In addition, we observe increasing demands on our Board members, in particular for our Committee Chairs, where the environment and related governance legislation has become more complex resulting in a higher workload. The following recommended adjustments will be submitted to shareholder voting at the upcoming Annual General Meeting:

	Current	Proposed
Audit Committee Chair	33 500	45 000
GNCC Chair	22 500	35 000
Scientific Committee Chair	33 500	35 000

In addition, also subject to approval by the shareholders, there would be a conversion of the previously approved special travel allowance for our members living in a location with at least 5 hours of time zone difference with Belgium, to a fixed lump-sum allowance of EUR 45,000 (EUR 7,500 per meeting, with at least 6 meetings per year). This allowance is irrespective of actual travel and considers the inconvenience caused by attending meetings which are mainly in Europe.

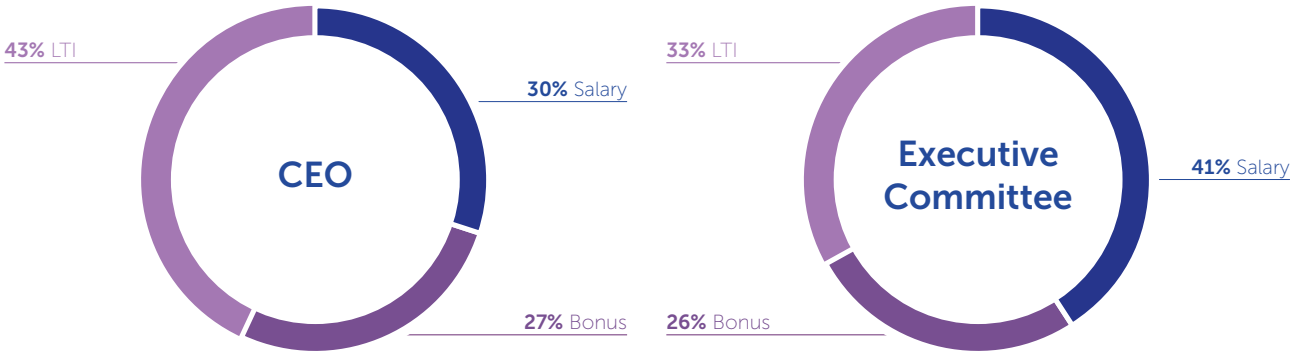
Remuneration in 2021

1. Executive Committee total remuneration

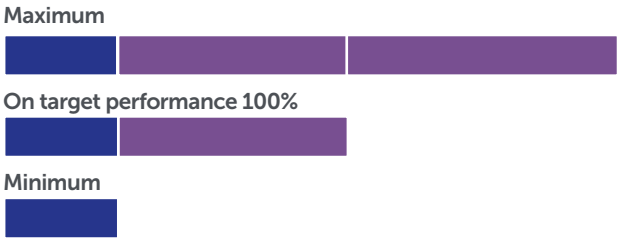
The total remuneration package of the Executive Committee members consists of the following elements that will be further outlined below:

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

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



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



Base salary
Variable pay

2. Peer group and competitive positioning

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

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

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

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

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

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

3. Executive Committee remuneration elements

Pay Element - Fixed Remuneration	
Base Salary	Base Salary is defined in relation to the specific job dimensions and the median level of base salary in the market for similar roles. The individual's impact on the business and their level of skill and experience is also taken into consideration.
Fees	Any director fees for executive directors are paid on top of the remuneration received as an Executive. This is only applicable to the CEO.
Other Benefits	Executive Committee Members receive benefits in line with UCB's remuneration policy, including participation in a healthcare plan, executive life insurance, and executive perquisites such as a company car. Executive Committee members can also receive additional in-kind benefits in line with our standard Global Mobility policies. These amounts can vary from year to year but are reported in this section due to their recurring nature.

Pay Element – Variable Remuneration

Bonus

The bonus target is subject to a double performance multiplier which rewards the achievement of corporate and individual objectives. The target bonus was set at 90% of base salary for the CEO and 65% for the other Executive Committee members.

The overall bonus opportunity is capped at 175% of the target for the CEO and the Executive Committee.

Corporate Objectives

To encourage a focus on revenue growth but also on underlying profitability, UCB considered annual Adjusted Earnings Before Interest Tax Depreciation and Amortization (" Adj. EBITDA") as a shared short-term corporate performance metric for 2021, for the CEO and Executive Committee, as well as the wider workforce. This target is defined company-wide and is translated into a payout curve which ensures that only an acceptable range of performance is rewarded. The philosophy is that Adj. EBITDA, as a proxy for UCB's underlying profitability, ensures that the overall bonus plan is self-funding, rewarding collective efforts across the organization. For performance between the defined payout levels shown, linear interpolation is used to determine the payout (2021 payout curve):

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

Pay Element - Variable remuneration
Bonus

Individual Objectives

Individual objectives are defined according to the extent to which annual objectives have been met, as well as the behaviors demonstrated by the individual in relation to UCB's Patient Value principles. The CEO's individual objectives mainly represent the overall company objectives, covering both financial and extra-financial priorities. The CEO's individual objectives can be summarized under the following categories, representing the value UCB aims to create for all stakeholders. No specific weighting is defined per category as we believe that performance needs to be measured in a holistic way, considering short-term impact and overall long-term company sustainability. The GNCC and Board consider all relevant elements to arrive at the individual performance multiplier.

Performance measure	Value Creation
Financial priorities	Sustainability is our business approach. Our financial health is key to our overall sustainability and ability to continue to create value for patients, our employees, and society, now and into the future. A strong focus is placed on delivering on the following financial targets: • Revenue • Net Profit • Net Sales across our product portfolio • Cashflow generation
Extra-financial priorities	**Value for patients** – building a pipeline of differentiated solutions and improving patient access to these solutions **Value for our people** – fostering a working environment where our people can thrive by being happy, healthy and safe **Value for the planet** – transitioning UCB towards a low carbon and green economy **Other** – priorities that span several of the above such as societal value or other company strategic goals and personal development goals.

Other Executive Committee members' goals are derived from the same goals and adjusted according to their specific area of impact. UCB is progressively embedding its sustainability goals within the objectives of the entire Executive Committee and as we gain experience with these goals and KPIs, we are integrating these into our corporate objectives, to illustrate our collective commitment.

Pay Element - Variable remuneration	
Long-Term incentives	
The LTI program is a two-tiered incentive program which includes: **A stock option plan** representing 30% of the LTI grant and a **performance share plan** for 70%. Target LTI levels represented 140% of base pay for the CEO and 80% for the other Executive Committee Members.	The actual LTI grant size is adjusted from year to year, bearing in mind individual past performance as a proxy for future impact and value creation, as well as other factors such as market premiums observed for certain roles. The LTI grant value is translated into a number of long-term incentives considering the underlying value of each award. The actual grant can represent a maximum of 150% of the target (i.e. up to 210% of the current base salary for the CEO and 120% of base salary for the other Executive Committee members) at the moment of the award determination.
Stock Options	
Our option plan has a minimum vesting period of three years. As from the moment of vesting the beneficiary can exercise the option until 10 years from the date of grant.	Through sustainable performance, the positive evolution of the share price determines the realizable value of this long-term incentive plan. UCB does not facilitate entering into derivate contracts related to Stock Options, nor do we hedge the attached risk, as this is not consistent with the purpose of the Stock Options. For incumbents based in Belgium, options granted in April 2021 cannot be exercised before 1 January 2025, and taxation occurs at the moment of grant, as per Belgian tax legislation. For incumbents based in other countries, options granted in April 2021 cannot be exercised before 1 April 2024. Options expire on the 10th anniversary of the date of grant.
Performance shares	
Performance shares are subject to a three-year vesting period and vest upon condition of meeting pre-determined company targets.	The 2021 grant was based on our performance against two performance criteria: Adjusted Cumulative Operating Cashflow and Compounded Revenue Growth, both weighted at 50%. These criteria ensure a focus on growth and sustainability, so that we can continue to invest in innovative solutions for patients. The number of shares awarded is adjusted at the end of the performance period based on the company's performance against the targets defined at the time of grant. If actual company performance is below a specified threshold or the beneficiary leaves prior to the vesting date, no shares are awarded. The maximum vesting level is 150% of the original grant, if results would significantly exceed the targets.

Pay Element – Extraordinary Items & Pension	
Extraordinary items	Any non-recurring remuneration for 2021, such as sign-on awards or termination pay, are reported further in the present remuneration report and elaborated in our remuneration policy. For instance, the company may decide to award a sign-on award, via cash or shares, to new Executive Committee members. This is not an automatic practice and considers various factors such as losses that the individual would otherwise incur in leaving another employer or other related negative cashflow effects. Any sign-on awards are deliberated and approved by the GNCC.
Pension	The CEO participates in a cash balance retirement benefit plan which is fully funded by UCB and in the UCB Executive supplementary defined contribution plan. The other Executive Committee members each participate in the pension plans available in their country of contract; those incumbents based in Belgium participate in the same plans as the CEO.

4. Other policy provisions

Clawback and malus provisions

During 2021, we have introduced clawback and malus provisions for the variable pay plans of our CEO and Executive Committee members.

This means that the Board of Directors may decide – subject to applicable law – to retain any unpaid or unvested incentive compensation (malus), or to recover incentive compensation that has been paid or has vested (clawback) in case of (i) evidence of fraud or serious misconduct and/or (ii) material breach of UCB's Code of Conduct and Dealing Code, and/or (iii) engaging in conduct or actions that can reasonably be expected to cause reputational harm to UCB and/or in case of material negative restatement of the company's financial results.

Shareholding guidelines

While the weight of LTI in our overall pay mix results in our Executive Committee members having a meaningful stake in unvested (and vested) LTI at any moment, we have, during 2021, introduced shareholding guidelines for our CEO and Executive Committee members.

The requirement is for the current CEO and Executive Committee members to own a minimum multiple of their annual gross base salary in UCB shares (owned from vesting of stock awards, performance shares or exercised stock options) over a building period of 5 years reaching and maintaining the threshold afterwards. The requirement is to reach 150% of annual gross base salary for CEO and 50% of annual gross base salary for Executive Committee members.

Termination Arrangements

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

A Belgian service contract was established during 2014 for Jean-Christophe Tellier and maintains similar termination conditions to those in place under his previous U.S. employment agreement, comprising a lump sum equal to 18 months base compensation plus the average of the actual bonuses paid for the three previous years if the contract is terminated by the company or if there is a change of control of UCB.

The agreements of Emmanuel Caeymaex and Iris Löw-Friedrich were signed before the entry into force of the Belgian Corporate Governance law of 6 April 2010 which limits the level of termination indemnities.

Emmanuel Caeymaex has no specific termination provisions in his Belgian contract. In case of involuntary termination, local employment law and practices apply.

Iris Löw-Friedrich has a German employment agreement which provides a six months' notice period and a termination indemnity equal to one-year base salary and bonus.

Jean-Luc Fleurial, Sandrine Dufour, Dhaval Patel, and Charl van Zyl have Belgian employment contracts including a termination clause which entitles them to a severance payment of 12 months base salary and bonus if the contract is terminated by the company or if there is a change of control of UCB.

Kirsten Lund-Jurgensen and Bill Silbey hold a U.S. employment agreement, and each has a termination clause which provides for a severance payment of 12 months base salary and target bonus if the contract is terminated by the company or if there would be a change in control in UCB.

5. Non-Executive Directors

The level of pay for the Board of Directors is regularly assessed against both European peer companies as well as companies listed on Euronext Brussels benchmark stock market index (BEL 20). Peer company data constitutes the primary reference, given our need to attract experts with a deep knowledge of our industry. The median levels of this peer group are the target. Following this review and the approval at the General Meeting of shareholders of 29 April 2021, the annual fee for the Chair of the Board has been increased from € 240 000 to € 330 000. These fees include any participation on Board committees.

A revised remuneration policy including such changes was approved at the General Meeting of Shareholders of April 29, 2021.

As such, per the policy terms, Non-Executive Directors are entitled to the following fees:

After AGM 2021	Board fees		Committee fees			Other
	Annual fees	Board Attendance fees (per meeting)	Audit	GNCC	Scientific	Travel Allowance
Chair (Board/Committee)	€ 330 000	-	€ 33 500	€ 22 500	€ 33 500	
Vice Chair	€ 120 000	€ 1 500				
Member (Board/Committee)	€ 80 000	€ 1 000	€ 22 500	€ 17 000	€ 22 500	
Special Travel Allowance						*€ 7 500*

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

2021 Remuneration Outcomes for the CEO and the Executive Committee Members

1. Total Remuneration summary

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

	1 Fixed remuneration			2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	Proportion of fixed and variable remuneration	
Incumbent Name – Position	Base pay	Fees	Other benefits	One-Year Variable (Bonus)	Multi-Year Variable (LTI)				Fixed (1 + 4) / (5 – 3)	Variable 2 / (5 -3)
Jean-Christophe Tellier – CEO	€ 1 173 917	€ 86 000	€ 1 163 405	€ 1 456 186	€ 1 983 562	€ 0	€ 381 314	€ 6 244 384	45%	55%
Other Members of the Executive Committee	€ 4 749 968	€ 0	€ 2 501 345	€ 3 246 965	€ 4 159 031	€ 0	€ 2 296 657	€ 16 953 966	56%	44%

As a comparison to the 2020 Remuneration Report, the CEO's total direct compensation (base salary + bonus + LTI) for 2021 amounts to €4 613 665 (excluding pension contributions and other benefits), compared to € 5 004 367 in 2020. The aggregated Executive Committee compensation (base salary + bonus + LTI) for 2021 amounts to: €12 155 964 (excluding pension contributions and other benefits), compared to € 12 105 162 in 2020.

A. Fixed Remuneration

Base Salary

The table below show the 2021 base salary levels of the CEO and the Executive Committee:

Incumbent Name - Position	2021
Jean-Christophe Tellier - CEO	€1 173 917
Other Members of the Executive Committee	€4 749 968

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

Fees

The CEO is also entitled to director fees as Board member of UCB SA. For 2021, these fees amounted to € 86 000 (€ 80 000 in annual fees and € 6 000 in presence fees).

Other Benefits

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

The impact of the COVID-19 pandemic continued to result in exceptional costs in 2021, linked to our standard Global Mobility policies. While these costs did not result in additional net pay, they did represent an exceptional cost to the company and are therefore reported as a benefit in-kind.

For the CEO these other benefits represented an amount of € 1 163 405, while for other Executive Committee members this amounted to a total aggregate amount of € 2 501 345.

B. Variable Remuneration

Bonus ("One-Year Variable") 2021 performance against targets

The achievement of performance targets was measured during the period that started on 1 January 2021 and ended on 31 December 2021. In line with the remuneration policy, corporate objectives are defined by the percentage of actual Adj. EBITDA versus the budget, at constant exchange rates. As the target set for 2021 was exceeded, the Company Performance Multiplier is above target.

The payout level for the individual objectives for the CEO were proposed to the Board by the GNCC based on the performance assessment at the end of the cycle as summarized below in the key priority areas for 2021. The outcome for 2021 is as follows:

CEO Bonus	**Target** % of Base Salary	**Actual** % of Base Salary	**Actual** Amount
Jean-Christophe Tellier	90%	124%	€1 456 186

Performance measure	2021 CEO performance against key priority areas
Financial priorities	UCB continued to grow in a sustainable way, achieving a strong financial performance, mainly above our guidance as well as internally defined targets, while investing heavily in innovation and R&D. Despite continued net price pressure our revenue growth remains driven by our core products. With increasing agile, fact-based resource reallocation across the organization, we were able to sustain our resilience. Our revenue, product net sales, adjusted EBITDA, net profit and cash conversion rate results generally exceeded our targets (refer to introduction to remuneration report for more detail).

Performance measure	2021 CEO performance against key priority areas
Value for patients	**Enrich our pipeline by bringing new assets into existing and new populations:** • Marketing authorization was obtained for BIMZELX© in the European Union/European Economic Area and Great Britain for the treatment of moderate to severe plaque psoriasis in adults. In the US, Bimekizumab is currently under review with the FDA following delay induced by the pandemic situation. • The early pipeline was strengthened through delivery of several new candidates from research and several early-stage assets progressed towards POC, supporting sustained long-term growth. • Phase 3 MycarinG study, investigating the efficacy and safety of Rozanolixizumab in patients with generalized Myasthenia Gravis, demonstrated positive topline results • UCB was recognized as a corporate partner by Myasthenia Gravis Foundation of America (MGFA), an award which is a testament to our growing commitment to the MG community • Zilucoplan & Rozanolixizumab launch plans and launch readiness indicators on track. • Several approvals and launches in new indications and patient populations across our existing epilepsy franchise, for instance VIMPAT© launched in Japan as adjunctive therapy in the treatment of primary generalized tonic-clonic seizures and as Monotherapy and Oral Solution in China. • BRIVIACT© approved by the U.S. FDA as both monotherapy or adjunctive therapy for the treatment of partial-onset seizures in patients one month of age and older. • CIMZIA© established our commitment to women of childbearing age (WocBA); today in Europe and the US, 30 to 40% of CIMZIA© patients are WoCBA patients. • UCB has continued to bring EVENITY© to markets across Europe in the past year, and our patient value commitment continues to grow. UCB developed BoneBot, an AI-based solution that opportunistically screens for vertebral fractures on CT scans, which has now been licensed to ImageBiopsy Lab for further development and launch. **Accelerate our digital business transformation in core operations and breakthrough initiatives:** • Digital Care Transformation team was formally established with the ambition of developing digital care solutions that meet patients where they are and specifically address the real issues they face on a day-to-day basis. • Advanced the digitalization of our go-to-market operations to provide a more personalized and responsive support to patients and healthcare professionals at every touch point along their journey • Entered in a multi-year strategic collaboration with Microsoft that synergizes their computational services, cloud and artificial intelligence (AI) with UCB drug discovery and development. **Target % countries in scope offering access to patients who need CIMZIA© (PsO, AxSpa), VIMPAT©, BRIVIACT©, EVENITY© by end of 2021** • Overall we have improved patient access, even if we were slightly below our ambitious target, mainly driven by our challenges to obtain an unrestricted reimbursement status for EVENITY© in Europe. While we did see additional restrictions in some areas we did successfully obtain unrestricted access in others, for instance VIMPAT© POS Mono adult and VIMPAT© POS Pediatrics in China as well as unrestricted access to EVENITY© in the Netherlands.

Performance measure	2021 CEO performance against key priority areas
Value for our people	**Further progress on our Diversity, Equity and Inclusion ambitions to increase our impact:** • All leadership teams embarked on DE&I change journey with UCB Board engagement and around 1,500 UCB colleagues embarked on an inclusive mindset journey. • Solid progress in female leadership representation, allowing us to start 2022 with 37% of our executives being female talents. • 8 Employee Resource Groups (ERGs) in place representing in 2021 more than 1800 employees (up by 61% from the previous year) **Progress on our health, safety and wellbeing goals** • Through an employee survey and employee metrics in our HSWB Index we saw positive progress compared to our robust 2020 baseline
Value for the Planet	As part of our 2030 green target to reduce carbon emissions by 35%, decrease waste generation by 25% and water consumption by 20%, we progressed ahead of plan for 2021 across all targets.
Other goals	**Recognition of our sustainability approach:** • We progressed on 4 of the 5 ESG ratings that we chose to engage with (selected as they include in their evaluation our priority areas for societal impact, and are considered important and relevant to our different stakeholders). • We were recognized this year by Sustainalytics as a top-rated performer for management of ESG risks in the pharmaceutical industry, and by CDP on how effectively we are engaging our suppliers on climate change by being included in their 2021 supplier engagement leader board.

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

The CEO proposed individual performance multipliers for each of the other Executive Committee members to the GNCC for consideration prior to Board endorsement. The combined total value of cash bonuses paid to the Executive Committee amounted to € 3 246 965

LTI ("Multi-Year Variable")

In 2021, the CEO and Executive Committee members were awarded an LTI grant between the LTI target and the maximum policy value.

A) Grant made in 2021

The table below details the number of stock options and performance shares that were granted in 2021:

	Stock options					Performance shares				
Incumbent Name - Position	Number of stock options granted	Vesting date	Strike price[1]	Binomial value per unit[2]	Binomial value at grant	Number of performance shares granted	Vesting date	Binomial value per unit[2]	Binomial value at grant	Total binomial value at grant
Jean-Christophe Tellier – CEO	30 490	01-Jan-25	79.99	19.81	€ 603 938	24 332	01-Apr-24	56.70	€ 1 379 624	€ 1 983 562
Emmanuel Caeymaex	8 551	01-Jan-25	79.99	19.81	€ 169 376	6 824	01-Apr-24	56.70	€ 386 921	€ 556 297
Sandrine Dufour	8 128	01-Jan-25	79.99	19.81	€ 160 997	6 486	01-Apr-24	56.70	€ 367 756	€ 528 754
Jean-Luc Fleurial	6 626	01-Jan-25	79.99	19.81	€ 131 246	5 288	01-Apr-24	56.70	€ 299 830	€ 431 076
Iris Löw-Friedrich	8 514	01-Apr-24	79.99	19.81	€ 168 643	6 794	01-Apr-24	56.70	€ 385 220	€ 553 863
Kirsten Lund-Jurgensen	6 112	01-Apr-24	81.12	19.81	€ 121 065	4 878	01-Apr-24	56.70	€ 276 583	€ 397 648
Dhaval Patel	9 157	01-Jan-25	79.99	19.81	€ 181 379	7 307	01-Apr-24	56.70	€ 414 307	€ 595 686
Bill Silbey	7 701	01-Apr-24	81.12	19.81	€ 152 539	6 146	01-Apr-24	56.70	€ 348 478	€ 501 018
Charl van Zyl	9 141	01-Jan-25	79.99	19.81	€ 181 063	7 295	01-Apr-24	56.70	€ 413 627	€ 594 689

1 Average of the closing prices between 2 March and 31 March of the year or closing price of 31 March as specified by Belgian or other relevant legislation

2 Binomial valuation: an objective technique for pricing long-term incentives and which determines a fair value of the stock price over the life of a long-term incentive

B) LTI Vesting in 2021

The table below details the number of stock options, stock awards and performance shares, granted to the Executive Committee members in previous years (reported in previous annual reports) and which have vested during the calendar year 2021 (not to be aggregated with the information in the above table which details the long-term incentives granted in 2021):

	Stock options				Stock awards				
	Grant Date[1]	Vesting date	Number vested (not exercised)	Exercise price	Award date[2]	Vesting date	Number vested	Share market value upon vesting[3]	Total value upon vesting
Jean-Christophe Tellier - CEO	01-Apr-17	01-Jan-21	39 273	70.26	01-Apr-18	01-Apr-21	12 561	80.91	1 016 311
Emmanuel Caeymaex	01-Apr-17	01-Jan-21	10 822	70.26	01-Apr-18	01-Apr-21	3 296	80.91	266 679
Sandrine Dufour					01-Jul-20	01-Jul-21	4 000	89.03	356 120
Jean-Luc Fleurial					01-Apr-18	01-Apr-21	2 111	80.91	170 801
Iris Löw-Friedrich	01-Apr-18	01-Apr-21	14 472	66.18	01-Apr-18	01-Apr-21	4 063	80.22	325 934
Kirsten Lund-Jurgensen					01-Aug-19	01-Aug-21	7 000	90.83	635 810
Dhaval Patel					01-Oct-17	01-Oct-21	15 000	96.79	1 451 850
Dhaval Patel					01-Apr-18	01-Apr-21	4 288	80.91	346 942
Bill Silbey	01-Apr-18	01-Apr-21	1 966	66.18	01-Apr-18	01-Apr-21	552	80.91	44 662
Charl van Zyl	01-Apr-17	01-Jan-21	10 270	70.26	01-Apr-18	01-Apr-21	3 911	80.91	316 439

1 Sandrine Dufour, Jean-Luc Fleurial and Dhaval Patel joined UCB after the 2017 LTI grant. Kirsten Lund-Jurgensen joined UCB after the 2018 LTI grant.

2 Sandrine Dufour and Kirsten Lund-Jurgensen joined UCB after the 2018 LTI grant.

3 Market value of the UCB share on the date of vesting defined as the average of the high and the low price of the UCB share on that date unless specified by local legislation.

	Performance shares						
	Award date[3]	Vesting date	Performance period	Total number of shares vested	Vesting %	Share market value upon vesting[4]	Total value upon vesting
Jean-Christophe Tellier - CEO	01-Apr-18	01-Apr-21	2018-2020	24 479	118%	80.91	1 980 596
Emmanuel Caeymaex	01-Apr-18	01-Apr-21	2018-2020	6 424	118%	80.91	519 766
Sandrine Dufour							
Jean-Luc Fleurial	01-Apr-18	01-Apr-21	2018-2020	4 113	118%	80.91	332 783
Iris Löw-Friedrich	01-Apr-18	01-Apr-21	2018-2020	7 918	118%	80.22	635 182
Kirsten Lund-Jurgensen							
Dhaval Patel							
Dhaval Patel	01-Apr-18	01-Apr-21	2018-2020	8 357	118%	80.91	676 165
Bill Silbey	01-Apr-18	01-Apr-21	2018-2020	1 075	118%	80.91	86 978
Charl van Zyl	01-Apr-18	01-Apr-21	2018-2020	7 622	118%	80.91	616 696

The performance shares vesting in 2021 relate to the 2018 grant. The vesting of those performance shares was subject to three-year performance against the following criteria:

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

Based on the performance against each of the targets, the number of shares that vested was equal to 118% of the target number of shares conditionally granted, due to performance above target on Cashflow Conversion ratio and at target against the other three performance criteria.

C) LTI Forfeited in 2021

There were no stock options, stock awards and performance shares granted to the Executive Committee members in previous years and which were forfeited in 2021.

C. Extraordinary Items

Termination payments

There were no termination payments made in 2021.

Sign-on fees

There were no sign-on fees awarded in 2021.

D. Pension expense

Incumbent Name - Position	Pension Expense
Jean-Christophe Tellier - CEO	€ 381 314
Other Members of the Executive Committee	€ 2 296 657

E. CEO and Executive Committee pay comparison

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

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

	2017	2018	2019	2020	**2021**
Remuneration of CEO[1]	€ 5 275 994	€ 5 308 237	€ 5 813 173	€ 6 832 748	**€ 6 244 384**
Change year on year (YoY)	21.8%	0.6%	9.5%	17.5%	**-8.6%**
Remuneration of members of the Executive Committee[2]	€ 25 150 536	€ 20 605 133	€ 24 788 507	€ 19 049 904	**€ 16 953 966**
Change YoY	16.0%	-18.1%	20.3%	-23.2%	**-11.0%**
Company Performance					
Revenue (Change YoY)					
at real rate	9%	2%	6%	9%	**8%**
at constant rate	11%	5%	7%	8%	**10%**
Adj. EBITDA (Change YoY)					
at real rate	33%	2%	2%	1%	**14%**
at constant rate	34%	5%	11%	-4%	**21%**
Total Remuneration of employees (in EUR million)	1 079	1 057	1 169	1 180	**1 382**
FTE	7 368	7 304	7 429	7 899	**8 431**
Average cost per FTE (IFRS)	€ 146 439	€ 144 725	€ 157 361	€ 149 392	**€ 163 922**
Change YoY	11.43%	-1.17%	8.73%	-5.06%	**9.73%**

1 Board fees are reported as part of the total remuneration of CEO

2 The CEO 2020 remuneration includes the exceptional item referenced in the "other benefits" section above

2 Executive Committee composition has varied in recent years.

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

Total Remuneration of CEO versus Lowest Remunerated Employee

The below table shows a comparison of the 2021 remuneration of our CEO (in €), to the 2021 remuneration of the lowest paid fulltime UCB SA employee (in €). The remuneration includes fixed and variable remuneration as well as employee benefits, excluding employer social security charges.

	2021
Ratio of Total Remuneration of CEO versus Lowest Remunerated Employee	1:103

F. CEO and Executive Committee Share-based Remuneration

Shareholding Guidelines

In 2021 UCB implemented shareholding guidelines for its CEO and Executive Committee members. Each member has 5 years to meet their respective requirement, since the inception of this guideline (i.e. April 2026). Currently the CEO does meet this requirement and so do the majority of longer serving members of the committee (i.e. those with 5+ years of service).

LTI Information

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

The main conditions of the share option plans

Incumbent name	Plan specification	Grant date	Vesting date	Exercise period	Strike price (€)
Jean-Christophe Tellier - CEO	Stock Appreciation rights	01-Apr-13	01-Apr-16	7 years	49.80
		01-Apr-14	01-Apr-17	7 years	58.12
	Stock Options	01-Apr-15	01-Jan-19	6.25 years	67.35
		01-Apr-16	01-Jan-20	6.25 years	67.24
		01-Apr-17	01-Jan-21	6.25 years	70.26
		01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
Emmanuel Caeymaex	Stock Options	01-Apr-14	01-Jan-18	6.25 years	58.12
		01-Apr-15	01-Jan-19	6.25 years	67.35
		01-Apr-16	01-Jan-20	6.25 years	67.24
		01-Apr-17	01-Jan-21	6.25 years	70.26
		01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
Sandrine Dufour	Stock Options	01-Apr-21	01-Jan-25	6.25 years	79.99
Jean-Luc Fleurial	Stock Options	01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
Iris Löw-Friedrich	Stock Options	01-Apr-12	01-Apr-15	7 years	32.36
		01-Apr-13	01-Apr-16	7 years	48.69
		01-Apr-14	01-Apr-17	7 years	58.12
		01-Apr-15	01-Apr-18	7 years	67.35
		01-Apr-16	01-Apr-19	7 years	67.24
		01-Apr-17	01-Apr-20	7 years	70.26
		01-Apr-18	01-Apr-21	7 years	66.18
		01-Apr-19	01-Apr-22	7 years	76.09
		01-Apr-20	01-Apr-23	7 years	76.21
		01-Apr-21	01-Apr-24	7 years	79.99
Kirsten Lund-Jurgensen	Stock Appreciation rights	01-Apr-20	01-Apr-23	7 years	79.00
		01-Apr-21	01-Apr-24	7 years	81.12
Dhaval Patel	Stock Options	01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
Bill Silbey	Stock Appreciation rights	01-Apr-18	01-Apr-21	7 years	66.18
		01-Apr-19	01-Apr-22	7 years	76.56
		01-Apr-20	01-Apr-23	7 years	79.00
		01-Apr-21	01-Apr-24	7 years	81.12
Charl Van Zyl	Stock Options	01-Apr-17	01-Jan-21	6.25 years	70.26
		01-Apr-18	01-Jan-22	6.25 years	66.18
		01-Apr-19	01-Jan-23	6.25 years	76.09
		01-Apr-20	01-Jan-24	6.25 years	76.21
		01-Apr-21	01-Jan-25	6.25 years	79.99
Detlef Thielgen	Stock Options	01-Apr-15	01-Jan-19	6.75 years	67.35
		01-Apr-16	01-Jan-20	6.75 years	67.24
		01-Apr-17	01-Jan-21	6.75 years	70.26
		01-Apr-18	01-Jan-22	6.75 years	66.18
		01-Apr-19	01-Jan-23	6.75 years	76.09

Information regarding the reported financial year

Opening balance	During the year					Closing balance	
Share options outstanding begin year	Share options awarded		Share options vested		Share options exercised	Share options unvested	Share options vested but unexercised
	Number	Value (€)	Number	Value (€)[1]			
11 272							11 272
30 656							30 656
26 800							26 800
38 792							38 792
39 273			39 273	583 990			39 273
44 741						44 741	
39 623						39 623	
40 214						40 214	
	30490	603 938				30 490	
4 745					4 745		0
9 191					4000		5 191
9 904							9 904
10 822			10 822	160 923			10 822
11 741						11 741	
10 499						10 499	
10 966						10 966	
	8551	169 376				8 551	
	8128	160 997				8 128	
7 519						7 519	
8 405						8 405	
8 695						8 695	
	6626	131 246				6 626	
10000					10 000		0
13 397							13 397
15 666							15 666
15 521							15 521
14 401							14 401
12 554							12 554
14 472			14 472	213 173			14 472
10 739						10 739	
11 775						11 775	
	8514	168 643				8 514	
8 617						8 617	
	6112	121 065				6 112	
15 273						15 273	
14 142						14 142	
13 328						13 328	
	9157	181 379				9 157	
1 966			1 966	28 959			1 966
8 947						8 947	
10 858						10 858	
	7701	152 539				7 701	
10 270			10 270	152 715			10 270
13 929						13 929	
12 336						12 336	
12 520						12 520	
	9141	181 063				9 141	
17 621							17 621
15 092			15 092	60 217			15 092
14 252						14 252	
15 166						15 166	
11 084						11 084	

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

	The main conditions of the stock awards plans		
Incumbent name	**Plan specification**	**Award date**	**Vesting date**
Jean-Christophe Tellier - CEO	Stock Awards	01-Apr-18	01-Apr-21
Emmanuel Caeymaex	Stock Awards	01-Apr-18	01-Apr-21
Sandrine Dufour	Phantom Stock Awards	01-Jul-20	01-Jul-21
		01-Jul-20	01-Jul-22
		01-Jul-20	01-Jul-23
Jean-Luc Fleurial	Stock Awards	01-Apr-18	01-Apr-21
Iris Löw-Friedrich[2]	Stock Awards	01-Apr-18	01-Apr-21
Kirsten Lund-Jurgensen	Stock Awards	01-Aug-19	01-Aug-21
		01-Aug-19	01-Aug-22
Dhaval Patel	Stock Awards	01-Apr-18	01-Apr-21
	Phantom Stock Awards	01-Oct-17	01-Oct-21
Bill Silbey	Stock Awards	01-Apr-18	01-Apr-21
Charl Van Zyl	Stock Awards	01-Apr-18	01-Apr-21

Information regarding the reported financial year						
	Opening balance	During the year				Closing balance
	Stock awards outstanding begin year	Stock awards awarded		Stock Awards vested		Stock awards unvested
		Number	Value (€)	Number	Value (€)[1]	
	12 561			12 561	1 016 311	
	3 296			3 296	266 679	
	4 000			4 000	356 120	
	4 000					4 000
	4 000					4 000
	2 111			2 111	170 801	
	4 063			4 063	325 934	
	7 000			7 000	635 810	
	7 000					7 000
	4 288			4 288	346 942	
	15 000			15 000	1 451 850	
	552			552	44 662	
	3 911			3 911	316 439	

1 The average of the high and the low UCB share price on the vesting date unless specified by local legislation.

2 The valuation is based on the low price on the vesting date

	The main conditions of the performance share plans			
Incumbent name	**Plan specification**	**Performance period**	**Award date**	**Vesting date**
Jean-Christophe Tellier - CEO	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Emmanuel Caeymaex	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Sandrine Dufour	Performance Shares	2021-2023	01-Apr-21	01-Apr-24
Jean-Luc Fleurial	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Iris Löw-Friedrich[2]	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Kirsten Lund-Jurgensen	Performance Shares	2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Dhaval Patel	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
	Phantom Performance Shares	2019-2022	01-Oct-19	01-Oct-22
		2019-2023	01-Oct-19	01-Oct-23
		2019-2024	01-Oct-19	01-Oct-24
Bill Silbey	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24
Charl Van Zyl	Performance Shares	2018-2020	01-Apr-18	01-Apr-21
		2019-2021	01-Apr-19	01-Apr-22
		2020-2022	01-Apr-20	01-Apr-23
		2021-2023	01-Apr-21	01-Apr-24

Information regarding the reported financial year					
Opening balance	During the year				Closing balance
Performance shares outstanding begin year	Shares awarded		Shares vested		Subject to Performance Conditions - unvested
	Number	Value (€)	Number	Value (€)[1]	
20 745			24 479	1 980 596	
27 735					27 735
27 024					27 024
	24332	1 379 624			24332
5 444			6 424	519 766	
7 349					7 349
7 369					7 369
	6824	386 921			6824
	6486	367 756			6486
3 486			4 113	332 783	
5 883					5 883
5 843					5 843
	5288	299 830			5288
6 710			7 918	635 182	
7 517					7 517
7 913					7 913
	6794	385 220			6794
5 791					5 791
	4878	276 583			4878
7 082			8 357	676 165	
9 899					9 899
8 957					8 957
	7307	414 307			7307
7 000					7 000
7 000					7 000
7 000					7 000
911			1 075	86 978	
6 263					6 263
7 297					7 297
	6146	348 478			6146
6 459			7 622	616 696	
8 635					8 635
8 413					8 413
	7295	413 627			7295

1 The average of the high and the low UCB share price on the vesting date

2 The valuation is based on the low price on the vesting date

3 The valuation is based on the opening price on the vesting date

2021 Remuneration of Non-Executive Directors

The following table sets out the remuneration received by each Non-Executive Director in 2021. This includes the fixed annual payment for Board and Committee memberships, the attendance fees per Board meeting, and any travel allowances paid.

Remuneration Directors		Board Fees				Remuneration as Committee member			
		Attendance rate (6 meetings)	**Annual Fee**	**Board attendance fees**	**Travel Allowance**	**Audit Committee**	**GNCC**	**Scientific Committee**	**Total**
Evelyn du Monceau	Chair and Chair of the GNCC *	0/2	€ 80 000	€ -			€ 7 500		**€ 87 500**
Stefan Oschmann	Chair **	3/4	€ 220 000	€ -					**€ 220 000**
Pierre L. Gurdjian	Vice Chair *	6/6	€ 93 333	€ 7 000			€ 17 000		**€ 117 333**
Fiona du Monceau	Vice Chair and Chair of the GNCC **	4/4	€ 80 000	€ 6 000			€ 15 000		**€ 101 000**
Jean-Christophe Tellier	Executive Director	6/6	€ 80 000	€ 6 000					**€ 86 000**
Jan Berger		6/6	€ 80 000	€ 6 000	€ 15 000				**€ 101 000**
Kay Davies	Chair of the Scientific Committee	6/6	€ 80 000	€ 6 000			€ 17 000	€ 33 500	**€ 136 500**
Albrecht De Graeve	Chair of the Audit Committee *	6/6	€ 80 000	€ 6 000		€ 26 167			**€ 112 167**
Roch Doliveux		2/2	€ 26 667	€ 2 000					**€ 28 667**
Susan Gasser		6/6	€ 80 000	€ 6 000				€ 22 500	**€ 108 500**
Charles-Antoine Janssen		6/6	€ 80 000	€ 6 000		€ 22 500			**€ 108 500**
Cyril Janssen		6/6	€ 80 000	€ 6 000					**€ 86 000**
Viviane Monges		6/6	€ 80 000	€ 6 000		€ 22 500			**€ 108 500**
Jonathan Peacock	Chair of the Audit Committee **	4/4	€ 53 333	€ 4 000	€ 15 000	€ 22 333			**€ 94 667**
Cédric van Rijckevorsel		6/6	€ 80 000	€ 6 000					**€ 86 000**
Ulf Wiinberg		6/6	€ 80 000	€ 6 000	€ 15 000	€ 7 500			**€ 108 500**
			€ 1 353 333	€ 79 000				**Grand total:**	**€ 1 690 833**

* Until AGM 2021
** As from AGM 2021

The fees received by the CEO as Board member of UCB SA are included in Section 5 under the Remuneration Policy in 2021.

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

3.8.1 Internal control

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

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

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

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

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

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

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

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

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

3.8.2 Risk management

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

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

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

The Board is responsible for approving the strategy of the UCB Group and reviewing and monitoring the UCB Group's establishment and effective implementation of the risk management systems and processes. The Audit Committee reviews on a regular basis the areas where risks could significantly affect the financial situation or reputation of the UCB Group.

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

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

Our risk management system is based on current plans, estimates and projections of management and our risk profile is constantly evolving as internal and external factors and associated risk assumptions change over time.

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

3.9 Private investment transactions and trading in UCB shares

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

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

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

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

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

3.10 External audit

The mandate of the External Auditor, PwC Bedrijfsrevisoren BCVBA / Réviseurs d'Entreprises SCCRL (PwC), expired at the end of the General Meeting of April 29, 2021. By application of the European and Belgian mandatory rotation rules applicable to External Auditors, PwC was no longer eligible for re-election as External Auditor. As a result, and following the rules and process required as per the applicable European and Belgian legislation, the audit firm Mazars Bedrijfsrevisoren – Réviseurs d'Entreprises CVBA – Avenue du Boulevard 21, box 8, 1210 Saint-Josse-ten-Noode (Brussels) – Belgium ("Mazars"), currently represented by Mr. Anton Nuttens, was appointed by the General Meeting of April 29, 2021 for a mandate of 3 years (legal term). This mandate is renewable.

Mazars has been appointed as External Auditor in all affiliates of the UCB Group worldwide.

The 2021 fees paid by UCB to its External Auditors amounted to:

2021 – Actuals	Audit (€)	Other Attestation Related (€)	Tax Services (€)	Other Missions External To The Audit (€)	**TOTAL (€)**
Mazars Belgium (Auditor)	710 350	16 500	-	-	726 850
Mazars Other Related Networks	1 306 543	1 640	80 486	-	1 388 669
Total	**2 016 893**	**18 140**	**80 486**	**-**	**2 115 519**

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

3.11.1 UCB's capital structure, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to it and the percentage of total share capital that it represents on December 31, 2021

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

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

3.11.2 Restrictions, either legal or prescribed by the Articles of Association, on the transfer of securities

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

("...)

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

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

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

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

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

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

(...")

To date, the capital of UCB is fully paid up.

3.11.3 Holders of any securities with special control rights and a description of those rights

There are no such securities.

3.11.4 System of control of any employee share scheme where the control rights are not exercised directly by the employees

There is no such system.

3.11.5 Restrictions, either legal or prescribed by the Articles of Association, on the exercise of voting rights

The existing UCB shares entitle holders thereof to vote at the General Meeting.

According to article 38 of the Articles of Association, the following restrictions apply:

"Each share gives the right to one vote. Any person or entity who acquires or subscribes to beneficial ownership in shares, whether registered or not, in the capital of the Company, conferring a right to vote, will be obliged to declare within the period required by law, the number of shares purchased or subscribed for, together with the total number of shares held, when such number in total exceeds a proportion of 3% of the total voting rights exercisable, before any possible reduction, at a General Meeting. The same procedure will have to be followed each time that the person obliged to make the initial declaration mentioned above increases his voting strength up to 5%, 7.5%, 10% and subsequently for each additional 5% of the total voting rights acquired as defined above or when following the sale of shares, his voting rights fall below one of the limits specified above. The same notification requirements will apply to any instrument, option, future, swap, interest term agreement and other derivative granting its holder the right to acquire existing securities carrying voting rights pursuant to a formal agreement (i.e. an agreement that is binding pursuant to the applicable law) and only on the holders' own initiative. In order for the notification requirements to apply, the holder must either have an unconditional right to acquire existing securities carrying voting rights or be able to make free use of its right to acquire them.

A right to acquire securities carrying voting rights is considered to be unconditional if it depends merely on an event that can be caused to happen or prevented from happening by the holder of the right. These notifications will occur according to the modalities described in the legislation applicable to the disclosure of large shareholdings in issuers whose securities are admitted to trading on a regulated market. Failure to respect this statutory requirement will be able to be penalized in the manner laid down in the applicable articles of the law of May 2, 2007 on the disclosure of shareholdings in issuers whose securities are admitted to trading on a regulated market.

No-one may at a General Meeting cast a greater number of votes than those relating to such shares as he has, in accordance with the above paragraph, declared himself to be holding, at least twenty days before the date of the Meeting."

The voting rights attached to UCB shares held by UCB or by its direct or indirect subsidiaries as the case may be, are, as a matter of law, suspended.

3.11.6 Agreements between shareholders which are known to UCB and may result in restrictions on the transfer of securities and/or the exercise of voting rights

UCB has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

3.11.7 A. Rules governing the appointment and replacement of Board members

Under the Articles of Association:

"The Company shall be managed by a Board of Directors having at least three members, whether shareholders or not, appointed by the general meeting for a term ending at the latest at the end of the fourth annual shareholders' meeting following the date their appointment has become effective. The General Meeting can, at all times, end the mandate of each director without any reason and with immediate effect.

Outgoing Directors are eligible for re-election. The period of office of outgoing Directors, who are not re-appointed, ceases immediately on the closing of the Ordinary General Meeting.

The General Meeting shall determine the fixed or variable remuneration of the Directors and the value of their attendance vouchers, to be charged to operating expenses."

The General Meeting decides by a simple majority of votes on these matters.

The rules relating to the composition of the Board of Directors are detailed in section 3.2 of the Charter as follows:

Composition of the Board of Directors

"The Board is of the opinion that a number of between ten and fifteen members is appropriate for efficient decision-making on the one hand, and contribution of experience and knowledge from different fields on the other hand. Such a number also allows for changes to the Board's composition to be managed without undue disruption. This is way within the provisions of the law and the Articles of Association of UCB from which the Board shall be composed of at least three members. The General Meeting of Shareholders decides on the number of Directors, upon proposal of the Board.

A large majority of the Board members are non-executive Directors. The curricula vitae of the Directors and directorship candidates are available for consultation on UCB's website (www.ucb.com). These curricula vitae mention, for each Director, the directorships in other listed companies."

Appointment of Directors (section 3.2.2 of the Charter)

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

In proposing candidates at the General Meeting of Shareholders, the Board takes particular account of the following criteria:

- *a large majority of the Directors are non-executive Board Members;*
- *at least three non-executive Directors are independent in accordance with the general legal definition, the criteria set out in the 2020 Code, and those adopted by the Board;*
- *no single Director or group of Directors may dominate decision-making;*
- *the composition of the Board guarantees diversity of skills, background, age and gender, and contribution of experience, knowledge and ability required for UCB's specialist international activities; and*
- *candidates are fully available to carry out their functions and do not take more than five directorships in listed companies. Changes to their other relevant commitments and their new commitments outside the Company must be reported to the Chair of the Board and the Company Secretary as they arise.*

The GNCC gathers information, allowing the Board to ensure that the criteria set out above have been met at the time of the appointments and renewals and during the term of office.

For each new directorship appointment, the GNCC performs an assessment of existing and required abilities, knowledge and experience on the Board. The profile of the ideal candidate is drawn up based on this assessment and proposed to the Board for discussion and definition.

When the profile is established, the GNCC selects candidates that fit the profile in consultation with the Board members (including the Chair of the Executive Committee) and possibly using a recruitment firm. Recommendation of final candidates is made by the GNCC to the Board. When making such recommendation, relevant information is provided to the Board (such as curriculum vitae, assessment, a list of the positions held and, if applicable, any necessary information about the candidate's independence).

The Board decides on the proposals to be submitted to Shareholders' approval."

Duration of mandates and age limit

"Directors are appointed by the General Meeting of Shareholders for a maximum four-year term, and their terms may be renewed.

Moreover, an age limit of seventy has been stipulated. A director shall give up his/her current term the day of the Annual General Meeting of Shareholders following his/her 70th birthday. The Board may propose exceptions to that rule."

Procedure for appointment, renewal of terms

"The process of appointment and re-election of Directors is led by the GNCC, which makes recommendation to the Board and strives to maintain an optimum level of abilities and experience within UCB and its Board.

The proposals for appointment, renewal, resignation or possible retirement of a Director are examined by the Board based on a recommendation from the GNCC.

The GNCC assesses for each of the Directors who are candidate for re-election at the next General Meeting of Shareholders, their commitment and effectiveness and makes recommendations to the Board regarding their re-election. Special attention is given to the evaluation of the Chair of the Board and the Chairs of the Board committees.

The assessment is conducted by the Chair of the GNCC and the Vice Chair of the Board or another member of the GNCC, who have meetings with each of the Directors in their capacity as a Director and, as the case may be, as Chair or member of a Board Committee. For the Chair of the Board and of the GNCC, the assessment is conducted by the Vice Chair of the Board and a senior independent Director. The sessions are based on a questionnaire and cover the Director's role in the governance of the Company and the effectiveness of the Board, and, amongst others, how they evaluate their commitment, contribution and constructive involvement in the discussions and decision-making.

Feedback is given to the GNCC who then reports to the Board and makes recommendations as to the proposed re-election.

The Board submits to the General Meeting of Shareholders its proposals concerning the appointments and renewals of Directors. These proposals are communicated to the General Meeting of Shareholders as part of the agenda of the relevant shareholders meeting.

The General Meeting of Shareholders resolves on each proposed appointment of Directors separately and the proposals of the Board in this area are resolved by a majority of the votes.

In the event of a vacancy during a term, the Board is empowered to fill the post and to allow its decision to be ratified at the next General Meeting of Shareholders.

The Board ensures that there is a succession planning for Board members in place.

Proposals for appointment state whether or not the candidate is proposed as an executive Director, define the term proposed for the mandate (i.e., not more than four years, in accordance with the Articles of Association), and indicate the place where all useful information in relation to the professional qualifications of the candidate, in addition to the main functions and directorships of the candidate, may be obtained or consulted.

The Board also indicates whether the candidate meets the independence criteria stipulated in the BCCA and the 2020 Code, such as the fact that a Director, in order to qualify as "independent" may not hold a mandate for a total term of more than twelve years as a non-executive Board member. The proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

These provisions also apply to proposals for appointments proposals originating from shareholders.

The proposals for appointment are available on UCB's website (www.ucb.com).

The Charter additionally stipulates that a Director qualifies as independent if he or she has not had business or other relations with the UCB group which could compromise his/her independent judgement. In the assessment of this criterion, significant status as customer, supplier or shareholder of the UCB Group is taken into consideration by the Board on an individual basis.

3.11.7. B. Rules governing the amendment of UCB's Articles of Association

The rules governing the amendment of the Articles of Association are set by the BCCA.

The decision to amend the Articles of Association has to be made by a general meeting, provided that at least 50% of the share capital of UCB is present or represented at the meeting, in principle with a majority of 75% of the votes cast.

If the attendance quorum is not met at the first Extraordinary General Meeting, a second General Meeting can be convened and will decide without any attendance quorum having to be reached.

In exceptional circumstances (for example amendment of the object of the company, changing of rights of securities), additional attendance and voting requirements may be applicable.

3.11.8 Powers of the Board of Directors, in particular to issue or buy back shares

Powers of the Board of Directors

The Board is UCB's governing body. It has the power to take decisions on all matters which the law does not expressly attribute to the general meeting of shareholders.

The Board has kept responsibility for certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (further detailed in the Charter). In all matters for which it has exclusive responsibility, the Board works in close cooperation with the Executive Committee, which in particular is responsible for preparing most of the proposals for decisions by the Board.

The Board's authorizations to issue or buy back shares

The Extraordinary General Meeting of April 30, 2020 decided to renew (i) the authorization of the Board (and to amend the Articles of Association accordingly), for another period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits and under the conditions as set out above under section 3.2.4 Authorized capital, and (ii) the authorization of the Board, for another period of 2 years starting on July 1, 2020 and expiring on June 30, 2022, to acquire, directly or indirectly, whether on or outside of the stock exchange, by way of purchase, exchange, contribution or any other way, up to 10% of the total number of Company's shares as calculated on the date of each acquisition, within the limits and under the conditions as set out above under 3.2.3 Treasury shares. The previous authorization of the Board granted by the Extraordinary General Meeting of April 26, 2018 remained valid until June 30, 2020 (see also section 3.2.3 and 3.2.4 above).

3.11.9 Significant agreements to which UCB is a party and which take effect, alter or terminate upon a change of control of UCB following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to UCB; this exception shall not apply where UCB is specifically obliged to disclose such information on the basis of other legal requirements

- Facility agreement in the amount of € 1 billion between, amongst others, UCB SA/NV, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, Filiale Luxemburg, ING Belgium SA/NV and Mizuho Bank Europe N.V. as coordinating bookrunners, Banco Santander, S.A., Paris Branch, Bank of America Merrill Lynch International Limited, The Bank of Tokyo- Mitsubishi UFJ, Ltd., Paris Branch, Barclays Bank PLC, BNP Paribas Fortis SA/NV, Commerzbank Aktiengesellschaft, filiale Luxemburg, Crédit Agricole Corporate and Investment Bank, Belgian Branch, ING Belgium SA/NV, Intesa SanPaolo Bank Luxembourg S.A, Amsterdam branch, KBC Bank NV, Mizuho Bank Europe N.V., Sumitomo Mitsui Banking Corporation and The Royal Bank of Scotland PLC, as mandated lead arrangers, and Wells Fargo Bank International Unlimited Company as lead arranger, dated November 14, 2009 (as amended and restated on November 30, 2010, on October 7, 2011, on January 9, 2014, on January 9, 2018, on December 5, 2019 and for the last time on December 3, 2021), which change of control clause was last approved by the General Meeting of April 29, 2021, according to which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB NV/SA.
- Euro Medium Term Note Program dated March 6, 2013, with last update of the base prospectus per March 8, 2021, for an amount of up to € 5 billion (the "EMTN Program"), providing for a change of control clause (condition 5 (e) (i)) under which, for any Notes issued thereunder where a change of control put clause is included in the relevant final terms, any holder of such Note and following a change of control of UCB SA/NV, has a right to redeem that Note by exercising such put right. The following notes have been issued under the EMTN Program by UCB NV/SA and are/were subject to the above described change of control clause:
- Private placement bond 1.000% due October 1, 2027 in the amount of € 150 million issued on October 1, 2020;
- Institutional bond 1.000% due March 30, 2028 in the amount of € 500 million issued on March 30, 2021.

Pursuant to article 7:151 of the BCCA, the above described change of control clause provided for in the EMTN Program of March 6, 2013 has been approved by the General Meetings of April 25, 2013, April 24, 2014, April 30, 2015, April 28, 2016, April 27, 2017, April 26, 2018, April 25, 2019, April 30, 2020 and April 29, 2021 in respect of any series of Notes to be issued under the EMTN Program within the 12 months following such respective General Meetings and to which such change of control has been made applicable. A similar approval pursuant to article 7:151 of the BCCA will be submitted to the General Meeting of April 28, 2022 in respect of any series of Notes to be issued under the EMTN Program from April 28, 2022 until April 27, 2023, if any, and to which, as the case may be, such change of control would be made applicable.

- Senior unsecured retail bonds of UCB SA/NV issued on October 2, 2013 and maturing October 2, 2023 in the amount of € 175 717 000 bearing a 5.125% fixed rate, and which states that in case of change of control (as defined in the terms and conditions of the offering) the bondholders have the right to require the issuer to redeem such bonds. This change of control clause was approved at the general meeting of April 24, 2014.
- Facility agreement in the amount of € 75 million/US$ 100 million between UCB SA/NV as borrower and the EIB, dated June 16, 2014, as amended and restated on October 20, 2016 with effect as of October 21, 2016, of which the change of control clause was approved by the General Meeting of April 24, 2014, and whereby the loan, together with accrued interests and all other amounts accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.
- Facility agreement in the amount of € 350 million between UCB SA/NV as borrower and the EIB and of which the change of control clause will be submitted to the General Meeting of April 28, 2022, and whereby the loan, together with accrued interests and all other amounts accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.
- A term facility agreement in the amount of US$ 2 070 million between, amongst others, UCB SA/NV and UCB Biopharma SRL, as borrowers, and BNP Paribas Fortis SA/NV and Bank of America Merrill Lynch International Designated Activity Company as bookrunners dated October 10, 2019 with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV. The General Meeting of April 30, 2020 has approved this change of control clause in accordance with article 7:151 of the BCCA.
- A term facility agreement in the amount of US$ 800 million between, amongst others, UCB SA/NV and UCB Biopharma SRL, as borrowers, and BNP Paribas Fortis SA/NV and Barclays Bank PLC as bookrunners dated January 19, 2022 with a change of control clause, under which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV, and of which the change of control clause will be submitted to the General Meeting of April 28, 2022 in accordance with article 7:151 of the BCCA.
- The UCB stock awards and performance share plans by which UCB shares are granted annually by UCB to certain employees according to grade and performance criteria, vest according to the rules of both plans after three years, upon condition that its beneficiary remains in continuous employment with the UCB group. They also vest upon change of control or merger. The General Meeting of April 25, 2019 has approved this change of control clause in all existing and future UCB LTI plans. On December 31, 2021, the following number of stock awards and performance shares are outstanding:
- 2 408 788 Stock awards, of which 745 489 will vest in 2022;
- 491 938 Performance shares, of which 116 163 will vest in 2022.

The change of control clauses in the Executive Committee members' contracts, as further described in the Remuneration report (section 3.7).

3.11.10 Agreements between UCB and its Board members or employees providing for compensation if the Board members resign or are made redundant without valid reason or if the employment of the employees ceases because of a takeover bid

For more details, see the Remuneration report section (3.7) on the main contractual terms on hiring and termination arrangements for the CEO and members of the Executive Committee. No other agreements provide for a specific compensation of Board members in case of termination because of a takeover bid.

In addition to the Executive Committee members identified in section 3.7, at the end of 2021 only two employees outside the U.S. benefited from a change of control clause that guarantees their termination compensation if their employment is terminated following a public takeover bid.

3.12 Conflicts of interest – Application of article 7:96 of the Belgian Code of Companies and Associations

EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON FEBRUARY 24, 2021

Article 7:96 of the BCCA was applied by the Board of February 24, 2021 in the context of the decisions relating to the CEO remuneration, the performance bonus and LTI grants (relevant excerpt from the minutes of the meeting)

"(...)

Prior to any deliberation or decision by the Board of Directors concerning the approval of the 2020 bonus pay-out, the LTI vesting and the 2021 LTI plans, metrics and grants, the approval of the CEO bonus based on 2020 performance, the CEO 2021 base salary and the CEO 2021 LTI grant (including stock options and performance shares), J.-C. Tellier stated that he had a direct financial interest in the implementation of said decisions (items 5.3). In accordance with Art. 7:96 of the BCCA, he withdrew from the meeting of the Board of Directors in order to not participate in the deliberation and vote relating to these issues. The Board of Directors established that Art. 7:96 of the BCCA was applicable to these operations. J.-L. Fleurial also left the videoconference before any deliberation or decision on these issues.

5.1.1 Corporate Results 2020 bonus payout/LTI award vesting and 2021 Targets

Decision: After review, the Board unanimously RESOLVED to approve the recommendations of the Governance, Nomination and Compensation Committee ('GNCC') relating to (i) the 2020 bonus payout (Corporate Performance Multiplier or "CPM") based on the year end 2020 results (Adj. EBITDA), (ii) the Adj. EBITDA target for 2021 bonus payout and (iii) the metrics used for the Performance Share Plan 2021-2023 (payout 2024). It further endorsed the vesting (and total payout) in 2021 relating to the 2018-2020 Performance Share Plan as well as the stock award vesting for the 2018-2020 plan (payout 2021).

5.1.2 UCB Long Term Incentives Grants in 2021

Decision: Upon recommendation of the GNCC, the Board unanimously RESOLVED to approve the following Long-Term Incentive Plans and the main terms and conditions thereof:

- **UCB stock option plan 2021**: Issue of 575 000 stock options, in principle on April 1, 2021 unless exceptional circumstances, for approximately 476 employees (not taking into consideration employees hired or promoted to eligible levels between January 1, 2021 and April 1, 2021).

  The exercise price of these options will be the lower of (i) the average of the closing price over the 30 calendar days preceding the offer (i.e. in principle from March 1-31, 2021) or (ii) the closing price of the day preceding the offer (in principle March 31, 2021).

  UCB will determine a different exercise price for those eligible employees subject to legislation which requires a different exercise price. Stock options will have a vesting period of 3 years as of the date of grant, except where local legal regulations may differ.
- **Stock awards and Performance Shares ("PSP") grants 2021 – 2023**: Allocation of an initial amount of 940 000 shares of which:

  (i) an estimated number of 750 000 shares (stock awards) to eligible employees, namely to about 2 323 employees, according to the applicable allocation criteria. These free shares will be allocated if and when the eligible employees remain in continuous employment with the UCB Group until the 3 years anniversary of the grant of awards;

  (ii) an estimated number of 190 000 shares to Upper Management employees for the Performance Share Plan 2021, namely to about 143 individuals, according to the applicable allocation criteria. These free shares will be delivered if and when the eligible employees remain in continuous employment with the UCB Group until the 3 years anniversary of the grant and the number of shares actually allocated will vary from 0% to 150% of the number of shares initially granted depending on the level of achievement of the performance conditions set by the Board of UCB SA/NV prior to the moment of the grant;

The estimated figures under (i) and (ii) do not take into account employees hired or promoted to eligible levels between January 1, 2021 and April 1, 2021.

- It was acknowledged that the financial impact for the Company of the granting of options is linked to the difference between the acquisition cost of own shares by the Company (or the share price at vesting date for cash settled plans) on the one hand and the strike price of the options paid to the Company by the beneficiary upon exercise of the options on the other hand. For the stock awards and the PSP, the financial impact corresponds to the value of the UCB shares at the time of acquisition by the Company in view of delivery, or at the time of vesting for cash settled plans.
- The Board further decided to delegate all powers to the Head of Talent & Company Reputation, acting alone and with faculty of sub-delegation, to do whatever is necessary, required or useful to execute, roll-out and implement the above decisions, including the finalization of all required documentation, the actual grant decision, the final terms and conditions and modalities of the plans and incentives (Stock options, Stock awards and performance share plans).

5.1.3 CEO compensation and LTI

Decision: Upon recommendation of the GNCC, the Board unanimously approved the following compensation for the CEO performance:

- CEO base salary as of March 1, 2021: € 1 177 530 (against € 1 143 233 as from March 1, 2020);
- CEO bonus pay-out 2021 (performance 2020): € 1 508 484;
- CEO LTI 2021:
- stock options: 30 490 (3 years and 9 months vesting);
- performance shares: 24 332 (3-years vesting).

(...)".

Financials

Reaching our financial ambitions goes hand-in-hand with our focus on sustainability. In 2021, we continued to grow our business, achieving a strong financial performance.

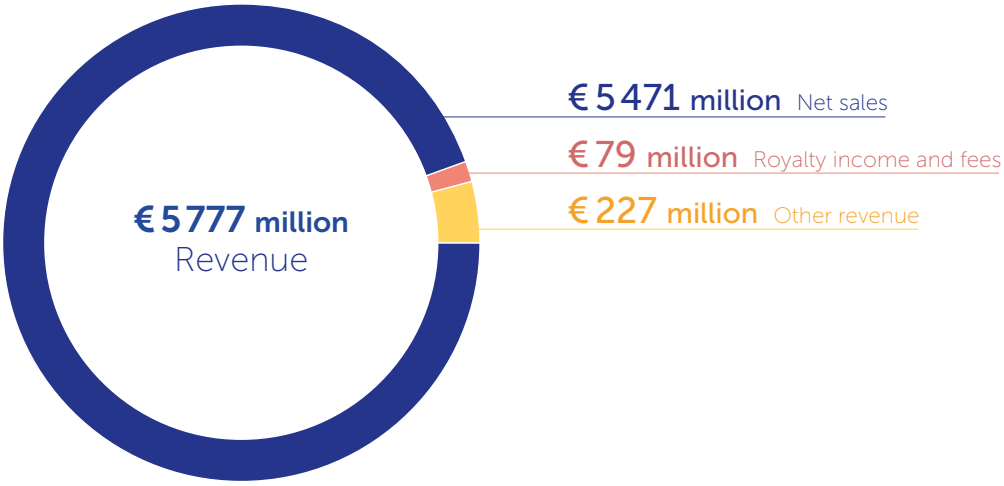
1. Business performance review

1.1 Key highlights

	Actual [1]		Variance	
€ million	**2021**	2020	Actual rates	CER[2]
Revenue	**5 777**	**5 347**	**8%**	**10%**
Net sales	5 471	5 052	8%	11%
Royalty income and fees	79	96	-18%	-15%
Other revenue	227	199	14%	14%
Gross profit	**4 339**	**3 984**	**9%**	**12%**
Marketing and selling expenses	-1 346	-1 221	10%	13%
Research and development expenses	-1 629	-1 569	4%	4%
General and administrative expenses	- 208	- 196	6%	6%
Other operating income/expenses (-)	162	95	70%	76%
Adjusted EBIT	**1 318**	**1 093**	**21%**	**30%**
Impairment, restructuring and other income/expenses (-)	- 34	- 122	-72%	-72%
EBIT (operating profit)	**1 284**	**971**	**32%**	**43%**
Net financial expenses	- 58	- 93	-37%	-37%
Share of profit/loss (-) of associates	0	2	-100%	-100%
Profit before income taxes	**1 226**	**880**	**39%**	**51%**
Income tax expenses	- 170	- 119	43%	50%
Profit from continuing operations	**1 056**	**761**	**39%**	**51%**
Profit/loss (-) from discontinued operations	3	0	n/a	n/a
Profit	**1 058**	**761**	**39%**	**51%**
Attributable to UCB shareholders	1 058	732	45%	52%
Attributable to non-controlling interests	0	29	-100%	-100%
Adjusted EBITDA	**1 641**	**1 441**	**14%**	**21%**
Capital expenditure (including intangible assets)	493	349	41%	
Net financial cash/debt (-)	- 860	-1 411	-39%	
Operating cash flow from continuing operations	1 553	1 081	44%	
Weighted average number of shares – non-diluted (million)	**189**	**189**	**0%**	
EPS (€ per weighted average number of shares – non-diluted)	**5.60**	**3.87**	**45%**	**52%**
Core EPS (€ per weighted average number of shares – non-diluted)	**6.49**	**5.36**	**21%**	**26%**

1 Due to rounding, some financial data may not add up in the tables included in this management report.

2 CER: constant exchange rates and excluding hedging.



- In 2021 **Revenue** reached € 5 777 million up by 8% (+10% at constant exchange rates (CER)). **Net sales** showed continued growth up to € 5 471 million by 8% (+11% CER). Royalty income and fees were € 79 million, other revenue € 227 million.
- **Adjusted EBITDA** reached € 1 641 million (+14%; 21% CER). Driven by higher revenue, higher marketing and selling – due to upcoming launches – slightly higher research and development expenses – thanks to the pipeline progress – and a strong increase in other operating earnings due to the Amgen partnering contribution.
- **Profit** increased to € 1 058 million from € 761 million, a plus of 39% (+51% CER).
- **Core earnings per share** reached € 6.49 after € 5.36 in 2020 based on an average of 189 million shares outstanding.

Revenue
€ 5 777 million
↑ 8%

Net Sales
€ 5 471 million
↑ 8%

Adjusted EBITDA
€ 1 641 million
↑ 14%

Profit
€ 1 058 million
↑ 39%

This Business Performance Review is based on the consolidated financial statements for the UCB Group of companies prepared in accordance with IFRS. The separate statutory financial statements of UCB SA prepared in accordance with Belgian Generally Accepted Accounting Principles, together with the report of the Board of Directors to the General Assembly of Shareholders, as well as the auditors' report, will be filed at the National Bank of Belgium within the statutory periods, and be available on request or on our website.

Scope change: As a result of the divestment of the activities Films (September 2004) and Surface Specialties (February 2005), UCB reports the results from those activities as a part of profit from discontinued operations.

Restructuring, impairment and other income/expenses (-): Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("restructuring, impairment and other income/expenses" items).

Besides EBIT (earnings before interest and taxes or operating profit), a line for **"adjusted EBIT"** (underlying operating profit), reflecting the ongoing profitability of the company's biopharmaceutical activities, is included. The adjusted EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) is the operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other income and expenses.

Core EPS is the core profit, or the profit attributable to the UCB shareholders, adjusted for the after-tax impact of restructuring, impairment, other income/expense items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, per non-dilutive weighted average number of shares.

1.2 Key events[1]

Impact of COVID-19 pandemic

Sustainability is our approach for business growth and societal impact. Our purpose is to create value for patients now and into the future. Our Patient Value Strategy is to deliver unique outcomes, best experiences and access for all the patients who need our medicines. To fulfil our ambition for patients we must create the right conditions and enable health for employees and the communities in which we operate, our planet and our shareholders.

Despite the resilience and the exceptional endurance fighting this unprecedented healthcare crisis, UCB remains vigilant and puts its energy to support partners in society and patient communities. Hence, UCB is prioritizing its assistance to employees, patients, and communities. These initiatives did not have a material impact on UCB's financial situation.

UCB will continue to put measures in place to protect the health of its employees and stakeholders worldwide, especially its patients, while remaining focused on ensuring business critical activities are properly maintained.

For the current impact on financial performance, financial position and cash-flows (liquidity position and liquidity risk management strategy), impact on revenues, we refer to Note 2 of this financial report.

As the expected future impact of the COVID-19 pandemic on UCB's financial performance, financial position and cash-flows is assessed as being low, no special or additional contingency measures are planned to mitigate the expected future impact of this pandemic.

UCB's existing risk management processes are comprehensive and therefore no material unaddressed risks or uncertainties were identified compared to the ones mentioned in the Risk Management section of this 2021 Integrated Annual Report.

There were several key events that have affected or will affect UCB financially.

Important agreements/initiatives

As part of UCB's digital business transformation, UCB engaged in two major projects at the beginning of this year:

In January 2021 the company announced the launch of Nile AI, Inc., a new independent company created to improve care for people living with epilepsy, their caregivers, and healthcare providers (HCPs). Nile is developing an epilepsy-care management platform that serves as a digital extension of HCPs with the goal of shortening the path to optimal care. UCB's € 25 million (US$ 29.3 million) investment is part of UCB's overall commitment to improving the lives of people living with severe diseases, including epilepsy, as digital technologies continue to change and impact the way healthcare is delivered.

In February 2021, UCB and Microsoft announced a new multi-year, strategic collaboration to combine Microsoft's computational services, cloud, and artificial intelligence (AI) with UCB's drug discovery and development capabilities. As several drug discovery activities require the analysis of high-dimensional data sets or multi-modal unstructured

1 From January 1, 2021 up to the publication of date of this report

information, Microsoft's platform can support UCB's scientists, including its data scientists, to discover new medicines in a more efficient and innovative way. This combination of cutting-edge science, computing power, and AI algorithms aims to significantly accelerate the iteration cycles required to explore a vast chemical space to test many hypotheses and identify more effective molecules. The collaboration plans to extend this model and identify other areas where computing power, AI, and science can accelerate the development of life-changing therapies for people living with severe diseases in immunology and neurology.

In September 2021, UCB embarked on a partnership with CEVEC to evaluate and gain access to their ELEVECTA® technology, which may enable UCB to develop a scalable, robust and efficient manufacturing of gene therapy vectors.

In October 2021, UCB announced the strategic out-licensing of Artificial Intelligence (AI)-based fracture identification technology, BoneBot, to ImageBiopsy Lab, Vienna, Austria, demonstrating UCB's ongoing commitment to a world free of fragility fractures. The radiology AI solution will screen computed tomography (CT) scans to detect the presence of "silent" or asymptomatic fractures in the spine which can otherwise go unrecognized and unreported and is expected to reach clinical practice by 2023.

In November 2021, UCB and the Chiesi Group, Parma, Italy, signed an agreement granting Chiesi a worldwide exclusive license to develop, commercialize, and manufacture zampilimab, a clinical stage investigational transglutaminase 2 inhibitor with the potential to be an anti-remodeling agent in fibrotic diseases such as idiopathic pulmonary fibrosis. UCB received an upfront payment and is eligible to receive future milestone payments and royalties.

In December 2021, UCB and Novartis announced a global co-development and co-commercialization agreement covering UCB0599, a potential first in class, small molecule, alpha-synuclein misfolding inhibitor currently in Phase 2 clinical development, and upon completion of the ongoing Phase 1 program, an opt-in to co-develop UCB7853, an anti-alpha-synuclein antibody, both in Parkinson's disease. These are two innovative and potentially disease-modifying investigational assets. UCB received an upfront payment of US$150 million and is eligible to receive further milestone payments with a total potential consideration approaching US$1.5 billion.

In January 2022, UCB and Zogenix, Inc. announced that the companies have entered into a definitive agreement under which UCB would acquire Zogenix. This proposed acquisition broadens and builds upon UCB's continued epilepsy ambitions. The proposed acquisition includes the treatment option FINTEPLA®, complementing UCB's existing treatment offerings, bringing value to patients suffering from Dravet syndrome and, if approved, from seizures associated with Lennox-Gastaut syndrome and potentially other rare epilepsies. FINTEPLA® has been approved in the U.S. and Europe and is under regulatory review in Japan for the treatment of seizures associated with Dravet syndrome in patients two years of age and older.

Under the terms of the agreement, UCB commenced a tender offer to purchase all outstanding shares of Zogenix for a purchase price per share of US$ 26.00 in cash at closing, plus a contingent value right (CVR) for a potential cash payment of US$ 2.00 upon EU approval by December 31, 2023, of FINTEPLA® as an orphan medicine for treatment of Lennox-Gastaut syndrome. The upfront consideration represented at the announcement a 72% premium to Zogenix shares based on the 30-day volume weighted average closing stock price of Zogenix prior to signing. The total transaction is valued at up to approximately US$ 1.9 billion/€ 1.7 billion.

The closing of the tender offer will be subject to certain conditions, including the tender of shares representing at least a majority of the total number of Zogenix's outstanding shares, receipt of required antitrust clearances, and other customary conditions. The transaction is expected to close by the end of the second quarter of 2022.

Regulatory update

In August 2021, the European Commission granted marketing authorization for BIMZELX® (*bimekizumab*) for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy.

In August, BIMZELX® also received its marketing authorization in Great Britain.

In January 2022, the Japanese Ministry of Health, Labor and Welfare granted marketing authorization for BIMZELX® for the treatment of plaque psoriasis, generalized pustular psoriasis and psoriatic erythroderma in patients who are not sufficiently responding to existing treatments.

In February 2022, Health Canada, granted approval for BIMZELX® (*bimekizumab* injection) for the treatment of moderate to severe plaque psoriasis in adults who are candidates for systemic therapy or phototherapy.

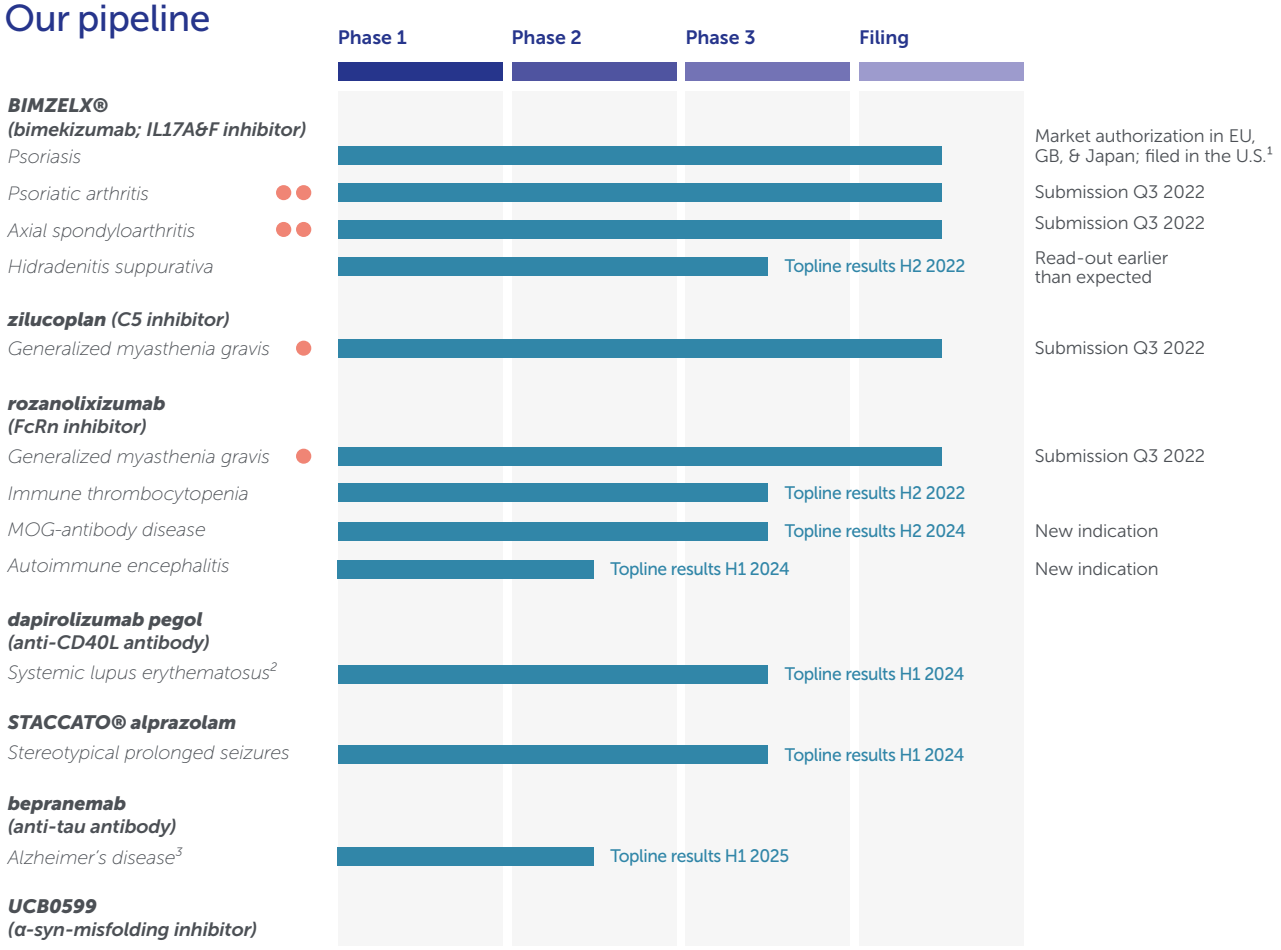
Regulatory reviews are also underway in Australia, Switzerland, and the U.S. **On October 15, 2021**, the U.S. Food and Drug Administration (U.S. FDA) deferred the Prescription Drug User Fee Act (PDUFA) date for BIMZELX®. The Agency determined that on-site inspections of the European manufacturing facilities are required before the U.S. FDA can approve the application. The U.S. FDA indicated that they were unable to conduct the inspections during the current review cycle due to COVID-19-related restrictions on travel. Therefore, the U.S. FDA is deferring action on the application until the inspections can be completed. UCB is expecting a U.S. FDA decision during the first half of 2022.

In August 2021, BRIVIACT® (*brivaracetam*) was approved by the U.S. FDA as both monotherapy or adjunctive therapy for the treatment of partial-onset seizures in patients one month of age and older.

In October 2021, VIMPAT® (*lacosamide*) was approved by the U.S. FDA for the treatment of partial-onset seizures in patients one month of age and older.

In January 2022, both BRIVIACT® and VIMPAT® received positive Committee for Medicinal Products for Human Use (CHMP) opinions for the EU on use for the treatment of focal epileptic seizures in children 2 to 4 years of age.

Our pipeline



● Recent Phase 3 positive topline results published

1 Regulatory approvals are underway in U.S., Canada, Australia and Switzerland; market authorization in EU/GB (Aug'21) and Japan (Jan'22);
2 In partnership with Biogen
3 In partnership with Roche/Genentech
4 In partnership with Novartis;

Zilucoplan in amyotrophic lateral sclerosis (ALS) by HEALEY ALS Platform Trial; MOG – myelin oligodendrocyte glycoprotein

Clinical Development Pipeline Progress

The updated timelines for UCB's clinical development program, also reflecting regulatory update and pipeline progress from January 1, 2021 up to the publication of date of this report, are shown above. In 2021 and thanks to the pro-active measures taken by UCB, the timelines for UCB's clinical development program have not experienced any material delays due to COVID-19. UCB continues to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.

In an unprecedented string of events, UCB announced positive topline results of six Phase 3 readouts towards the end of 2021 and early 2022:

- Positive results for *bimekizumab* in psoriatic arthritis (biologic disease-modifying anti-rheumatic drug naïve patients),
- Positive results for *rozanolixizumab* in generalized myasthenia gravis,
- Positive results for *bimekizumab* in radiographic axial spondyloarthritis (also known as ankylosing spondylitis),
- Positive results for *bimekizumab* in non-radiographic axial spondyloarthritis,
- Positive results for *bimekizumab* in psoriatic arthritis (inadequate responders or intolerant to anti-TNF treatment),
- Positive results for *zilucoplan* in generalized myasthenia gravis.

UCB plans to submit regulatory applications in the U.S. and Europe for all listed above indications in Q3 2022, with further applications in additional regions to follow.

BIMZELX® (*bimekizumab*)

Psoriatic arthritis

UCB published positive topline results for its two Phase 3 studies in active psoriatic arthritis, namely BE OPTIMAL (biologic disease-modifying anti-rheumatic drug naïve patients; topline interim analysis) and BE COMPLETE (patients who are inadequate responders or intolerant to TNF inhibitor treatment). Both studies evaluated the efficacy and safety of *bimekizumab* in the treatment of adults with active psoriatic arthritis vs. placebo and met the primary and all ranked secondary endpoints with statistically significant and clinically meaningful results.

Radiographic (ankylosing spondylitis) and non-radiographic axial spondyloarthritis

UCB published positive topline results of two Phase 3 studies evaluating *bimekizumab* across the full spectrum of axial

spondyloarthritis (axSpA) disease, which includes both active radiographic (also known as ankylosing spondylitis or AS) and active non-radiographic (nr)-axSpA. Both studies met the primary and all ranked secondary endpoints with statistically significant and clinically meaningful results, supporting that *bimekizumab* improved outcomes in patients across the full disease spectrum of axSpA.

The safety profile of *bimekizumab* was consistent with safety findings seen in previous studies with no new observed safety signals. The safety and efficacy of *bimekizumab* in active psoriatic arthritis, active radiographic (ankylosing spondylitis) and active non-radiographic axial spondyloarthritis have not been established, and it is not approved for use in these indications by any regulatory authority worldwide.

Rozanolixizumab – generalized myasthenia gravis (gMG)

UCB announced positive topline results from the Phase 3 MycarinG study evaluating *rozanolixizumab*, a subcutaneously infused monoclonal antibody targeting the neonatal Fc receptor (FcRn), versus placebo in adults with gMG. The study met primary and all secondary endpoints with statistical significance. *Rozanolixizumab* was well-tolerated with no new observed safety signals.

Zilucoplan

UCB announced positive topline results from the RAISE trial evaluating its investigational treatment *zilucoplan*, a self-administered, subcutaneous peptide inhibitor of complement component 5 (C5 inhibitor), versus placebo in adults with gMG. The study met primary and all key secondary endpoints with statistical significance. *Zilucoplan* was well-tolerated with no new observed safety signals.

The safety and efficacy of both investigational drugs have not been established, and they are not approved for use in gMG by any regulatory authority worldwide.

Other BIMZELX® (*bimekizumab*) indications

The ongoing Phase 3 program in moderate to severe hidradenitis suppurativa (HS), a chronic, inflammatory, and debilitating follicular skin disease, showed an unprecedented, accelerated patient recruitment, hence, the first topline results are now projected for H2 2022.

Other *rozanolixizumab* indications

Maintaining UCB's focus on autoantibody-mediated neuroinflammation, UCB announced investigating two additional patient populations using its *rozanolixizumab* platform:

(i) people living with autoimmune encephalitis (AIE) – a rare and serious medical condition, in which the immune system attacks the brain – leading to epileptic seizures, movement disorders as well as cognitive decline in some patients. There is no therapy approved for AIE. The phase 2a study in AIE started in Q3 2021; first topline results are expected in H1 2024.

(ii) people living with myelin oligodendrocyte glycoprotein (MOG)-antibody disease – a rare autoimmune inflammatory demyelinating disorder of the central nervous system caused by autoantibodies that target the MOG protein – leading to temporal functional blindness, muscle weakness, bladder dysfunction, sensory loss, and/or pain. There is no approved therapy for MOG-antibody disease. The Phase 3 study started in Q4 2021, first topline results are expected H2 2024.

UCB decided to de-prioritize the development of *rozanolixizumab* in chronic inflammatory demyelinating polyneuropathy (CIDP) which represents a heterogenous and complex patient population, with only approximately 30% of patients having detectable autoantibodies. Following this strategic decision, results of the phase 2a study will be presented during an upcoming scientific meeting.

Other *zilucoplan* indications

Zilucoplan was tested in a proof of concept (phase 2a) study in immune-mediated necrotizing myopathy (IMNM): The results of this study indicate that *zilucoplan* is safe, but complement activation is not relevant in the disease biology of IMNM. Hence, UCB decided to not move forward with its IMNM development program. The results in IMNM do not affect UCB's confidence in *zilucoplan* in other indications with complement activation as a key disease mechanism. UCB presented this data in 2021 to inform future IMNM research and to contribute towards better understanding of the disease pathogenesis.

Bepranemab (UCB0107)

Bepranemab is a recombinant, humanized, full-length immunoglobulin G4 monoclonal anti-tau antibody, targeting mid-domain tau, which is currently under clinical investigation in Alzheimer's disease (AD) in partnership with Roche/Genentech. The efficacy, safety and tolerability of *bepranemab* is currently under investigation in early AD in a Phase 2 study, which started in Q2 2021. First topline results are expected in H1 2025.

UCB0599

In collaboration with UCB's new partner Novartis a phase 2a study with UCB0599 for study participants with early-stage Parkinson's disease (PD) started, first topline results are expected in H2 2023.

UCB0599 is an orally bioavailable and brain-barrier-penetrant small molecule that prevents the pathological misfolding and accumulation of alpha-synuclein, a protein which plays a key role in PD pathology. By inhibiting these disease-causing processes of alpha-synuclein, it is believed that the progression of PD can be slowed or halted. UCB0599 belongs to a series of molecules discovered by Neuropore, which were in-licensed by UCB in 2014.

STACCATO® *alprazolam*

STACCATO® *alprazolam* is an investigational drug-device combination using STACCATO® delivery technology with *alprazolam*, a benzodiazepine, that has the potential to be the first rescue treatment to be administered by a patient or caregiver in an out-patient setting to rapidly terminate (within 90 seconds) an ongoing seizure. The STACCATO® system is a small, hand-held inhaler that rapidly vaporizes *alprazolam* to form an aerosol, with particle size designed for deep lung delivery to produce a rapid, systemic effect. The Phase 3 trial to assess the efficacy and safety of STACCATO® *alprazolam* in study participants with stereotypical prolonged seizures started in Q4 2021 and topline results are expected in H1 2024.

All other clinical development programs are continuing as planned.

1.3 Net sales by product

€ million	Actual 2021	Actual 2020	Variance Actual rates	Variance CER
CIMZIA®	1 841	1 799	2%	5%
VIMPAT®	1 549	1 451	7%	10%
KEPPRA® (including KEPPRA® XR / E KEPPRA®)	970	788	23%	27%
BRIVIACT®	355	288	23%	27%
NEUPRO®	307	311	-1%	0%
NAYZILAM®	57	26	>100%	>100%
EVENITY®	10	2	>100%	>100%
BIMZELX®	4	0	n/a	n/a
Established brands	321	358	-10%	-7%
Net sales before hedging	**5 414**	**5 023**	**8%**	**11%**
Designated hedges reclassified to net sales	57	29	98%	
Total net sales	**5 471**	**5 052**	**8%**	**11%**

Total net sales in 2021 increased to € 5 471 million, 8% higher than last year or +11% at constant exchange rates (+11% CER adjusted for divestiture).

The growth in 2021 was driven by the continuous growth of UCB's product portfolio and was also supported by a change in the distribution model for E KEPPRA® in Japan – driving company growth.

One product was added to the UCB portfolio: In September, UCB launched **BIMZELX® (*bimekizumab*)** for the treatment of moderate to severe plaque psoriasis in Germany, followed by the U.K., Sweden and later the Netherlands.

Core products

CIMZIA® (*certolizumab pegol*), reached 170 000 patients living with inflammatory TNF mediated diseases with net sales reaching € 1 841 million (+2%; +5% CER), showing a stronger growth than the anti-TNF market – driven by continued growth in the U.S. (despite a reimbursement decrease, overcompensated by a volume increase) and a slight decline in Europe, reflecting the mandated price decrease in Germany partly compensated with volume growth, and a strong growth in international markets.

VIMPAT® (*lacosamide*) was accessed by over 800 000 people living with epilepsy and showed strong growth in all regions, despite the pandemic. Net sales went up to € 1 549 million (+7%; +10% CER), reaching the peak sales ambition of at least € 1.5 billion, ahead of the loss of exclusivity in 2022 in the U.S. and Europe.

KEPPRA® (*levetiracetam*), reached more than 2 million people living with epilepsy and reported net sales of € 970 million (+23%; +27% CER). The continued generic erosion in the U.S. and Europe has been overcompensated by the performance in Japan. In Japan, UCB took over distribution of E KEPPRA® from partner Otsuka in October 2020 and now books the in-market net sales. Generic entries to the Japanese market occurred early 2022.

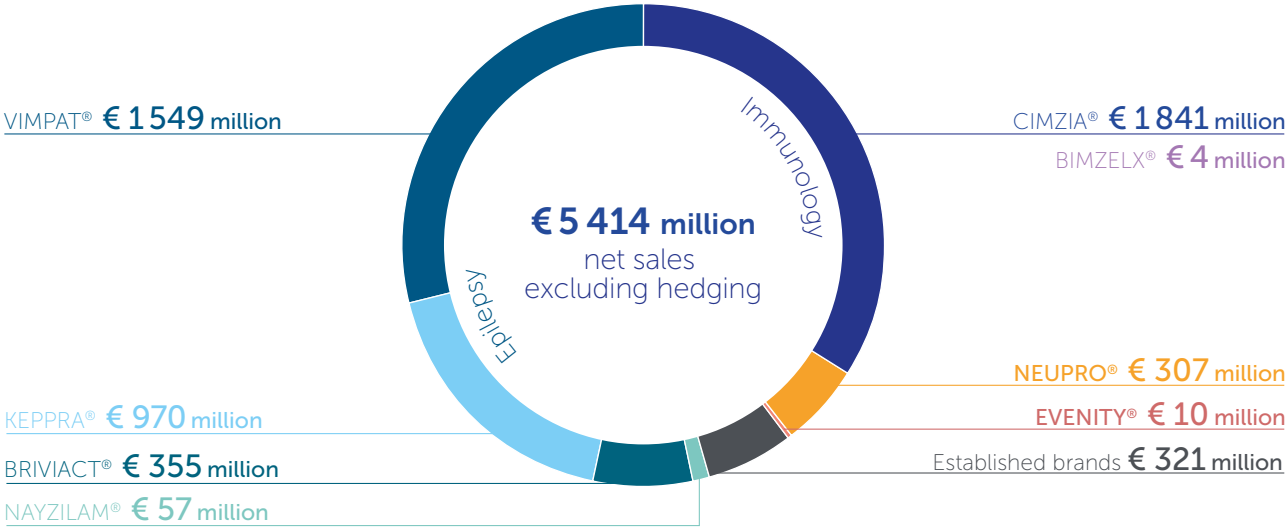
BRIVIACT® (*brivaracetam*) which was used by 140 000 people living with epilepsy, reached net sales of € 355 million, a plus of 23%, (+27% CER). This is driven by significant growth in all regions BRIVIACT® is available to patients. BRIVIACT® has a different mode of action from VIMPAT® and differentiates from KEPPRA®.

NEUPRO® (*rotigotine*), the patch for Parkinson's disease and restless legs syndrome, used by 385 000 patients, recorded stable net sales of € 307 million (-1%; 0% CER), in a competitive market environment.

NAYZILAM® (*midazolam*) Nasal Spray[CIV], the nasal rescue treatment for epilepsy seizure clusters in the U.S. (launched in December 2019) reached over 50 000 patients and net sales of € 57 million after € 26 million.

EVENITY® (*romosozumab*) since its global launch reached more than 200 000 women living with severe postmenopausal osteoporosis at high risk of fracture. It had its first European launch in March 2020, and reported net sales of € 10 million (after € 2 million), impacted by the pandemic which significantly impedes outreach to new patient populations, and regulatory/pricing decisions. EVENITY® is being launched successfully globally by Amgen, Astellas and UCB since 2019, with net sales outside Europe reported by the partners.

BIMZELX® (*bimekizumab*) for people living with psoriasis had a well-received launch in autumn in Germany, the U.K., Sweden and the Netherlands. Reported net sales were € 4 million. In January and February 2022, BIMZELX® was approved in Japan and Canada, respectively. The regulatory review in the U.S. is ongoing, with a decision expected in the first half of 2022.



Product		€ million	% in total
Immunology	CIMZIA®	1 841	34%
	BIMZELX®	4	0%
Epilepsy	VIMPAT®	1 549	29%
	KEPPRA®	970	18%
	BRIVIACT®	355	7%
	NAYZILAM®	57	1%
NEUPRO®		307	6%
EVENITY®		10	0%
Established brands		321	6%
Net sales excluding hedging		5 414	

Established brands

Net sales of established brands went down by 10% to € 321 million, adjusted for divestitures (mainly in Europe) the decline was -7% CER, reflecting the maturity of the portfolio and impact by generic competition.

Part of the portfolio includes UCB's allergy products **ZYRTEC®** (***cetirizine***, including ZYRTEC®-D/CIRRUS®) and **XYZAL®** ***(levocetirizine)***, both affected by generic competition.

Designated hedges reclassified to net sales were € 57 million (€ 29 million in 2020) reflecting UCB's realized transactional hedging activities. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

1.4 Net sales by geographical area

	Actual		Variance actual rates		Variance CER	
€ million	**2021**	2020	€ million	%	€ million	%
Net sales – U.S.	**2 888**	**2 759**	**129**	**5%**	**235**	**9%**
CIMZIA®	1 183	1 174	9	1%	53	4%
VIMPAT®	1 130	1 072	58	5%	99	9%
KEPPRA®	156	167	- 11	-7%	- 6	-3%
BRIVIACT®	267	220	47	21%	57	26%
NEUPRO®	95	98	- 3	-3%	0	0%
NAYZILAM®	57	26	31	>100%	33	>100%
Established brands	0	2	- 1	-86%	- 1	-86%
Net sales – Europe	**1 396**	**1 374**	**22**	**2%**	**18**	**1%**
CIMZIA®	420	431	- 11	-3%	- 14	-3%
KEPPRA®	218	223	- 5	-2%	- 6	-3%
VIMPAT®	294	263	31	12%	30	11%
NEUPRO®	167	168	- 1	-1%	- 1	-1%
BRIVIACT®	77	60	17	29%	17	29%
EVENITY®	10	2	8	>100%	8	>100%
BIMZELX®	4	0	4	n/a	4	n/a
Established brands	206	227	- 20	-9%	- 20	-9%
Net sales – International markets	**1 130**	**889**	**241**	**27%**	**292**	**33%**
KEPPRA®	597	398	199	50%	228	57%
CIMZIA®	238	194	43	22%	52	27%
VIMPAT®	124	115	9	8%	14	12%
NEUPRO®	45	45	0	0%	2	3%
BRIVIACT®	11	8	3	33%	3	32%
Established brands	115	129	- 14	-11%	- 7	-6%
Net sales before hedging	**5 414**	**5 023**	**391**	**8%**	**544**	**11%**
Designated hedges reclassified to net sales	57	29	28	98%		
Total net sales	**5 471**	**5 052**	**420**	**8%**	**544**	**11%**

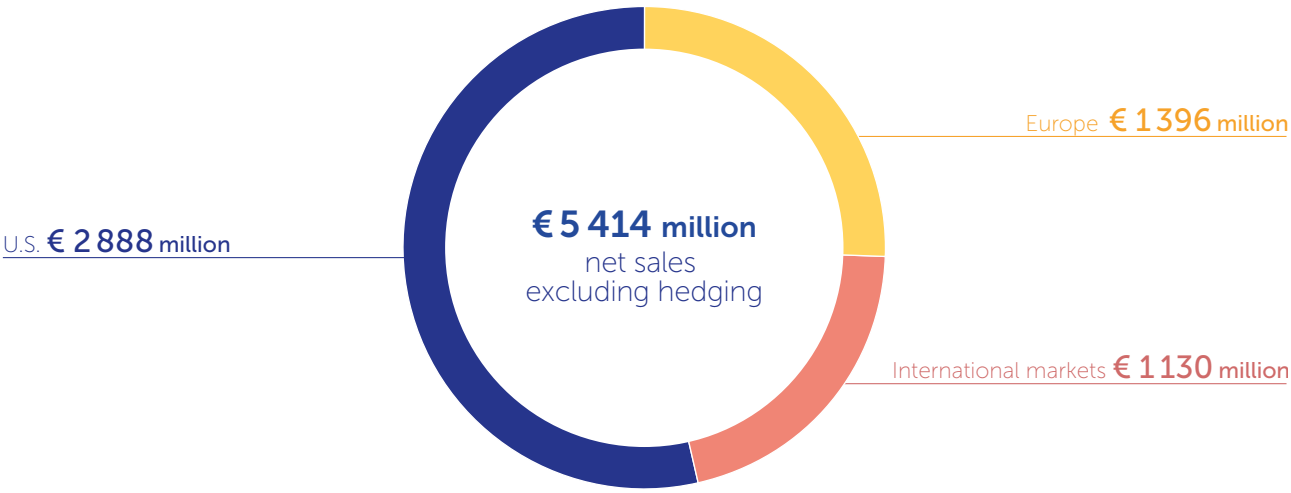
U.S. net sales went up to € 2 888 million (+5%; +9% CER). This was driven by the good growth of VIMPAT® and BRIVIACT® and supported by the newly launched NAYZILAM®. CIMZIA® held up well, despite being impacted by a reimbursement decrease in July 2021, which was over-compensated by volume growth. NEUPRO® and KEPPRA® net sales reflect the generic competition.

Net sales in Europe reached € 1 396 million a plus of 2% (+1% CER) due to the double-digit growth of VIMPAT® and BRIVIACT®. EVENITY® was launched during the COVID-19 pandemic, reporting € 10 million of net sales. CIMZIA® was impacted by the mandated price decrease in Germany in April 2021, partially compensated by volume growth.

NEUPRO® net sales were almost stable while KEPPRA® net sales decline is reflects the continued generic erosion.

International markets net sales amounted to € 1 130 million reflecting a strong growth contribution from all core products (+27%; +33% CER).

- With € 562 million, **Japan** represents the largest market and showed a growth of 48% (+58% CER) driven by E KEPPRA® now with in-market net sales of € 404 million (+91%). UCB took over distribution of E KEPPRA® from partner Otsuka in October 2020 and now accounts the in-market net sales. Generic entries to the Japanese market occurred in early 2022.



- VIMPAT® increased to € 62 million (+4%), CIMZIA® to € 44 million (+33%) and NEUPRO® decreased to € 26 million (-12%).
- Net sales in the second largest market in this region, **China**, were € 140 million (+30%; +26% CER).

Designated hedges reclassified to net sales were € 57 million (€ 29 million in 2020) reflecting UCB's realized transactional hedging activities. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

€ million	€ million	Total (%)
Europe	1 396	26%
International markets	1 130	21%
U.S.	2 888	53%
Net sales excluding hedging	5 414	

1.5 Royalty income and fees

	Actual		Variance	
€ million	**2021**	2020	Actual rates	CER
Biotechnology IP	46	60	-23%	-20%
TOVIAZ®	16	18	-9%	-6%
Other	16	18	-10%	-6%
Royalty income and fees	**79**	**96**	**-18%**	**-15%**

In 2021, **royalty income and fees** reached € 79 million after € 96 million.

The **biotechnology IP** income declined in 2021 after benefitting from a one-time royalty recognized in 2020.

The franchise royalties paid by Pfizer for the overactive bladder treatment **TOVIAZ® (*fesoterodine*)** reflect the generic competition.

Royalty income and fees
€ 79 million

1.6 Other revenue

€ million	Actual 2021	Actual 2020	Variance Actual rates	Variance CER
Contract manufacturing sales	128	152	-16%	-16%
Other	99	48	>100%	>100%
Other revenue	**227**	**200**	**14%**	**14%**

Other revenue went up to € 227 million or by +14%.

Contract manufacturing sales decreased to € 128 million from € 152 million, reflecting the demand from UCB's partners.

"Other" revenue reached € 99 million, including partnership activities in Japan (Daiichi Sankyo for VIMPAT®, Astellas for CIMZIA®, E KEPPRA® with Otsuka ended in October 2020), milestones and other payments from R&D partners and licensing partners, including Biogen for *dapirolizumab pegol* in lupus (SLE) and most recently added: partnering with Roche for *bepranemab* in Alzheimer's disease and with Novartis on the development of UCB0599 with an opt-in to develop UCB7853, two innovative and potentially disease-modifying investigational assets in Parkinson's disease as well as the global out-licensing agreement with Chiesi for *zampilimab*, a novel monoclonal antibody for fibrotic lung diseases.

Other Revenue
€ 227 million

1.7 Gross profit

€ million	Actual 2021	Actual 2020	Variance Actual rates	Variance CER
Revenue	**5 777**	**5 347**	**8%**	**10%**
Net sales	5 471	5 052	8%	11%
Royalty income and fees	79	96	-18%	-15%
Other revenue	227	199	14%	14%
Cost of sales	**-1 438**	**-1 363**	**6%**	**6%**
Cost of sales products and services	- 962	- 869	11%	11%
Royalty expenses	- 327	- 315	4%	7%
Amortization of intangible assets linked to sales	- 149	- 179	-17%	-16%
Gross profit	**4 339**	**3 984**	**9%**	**12%**

In 2021, gross profit reached € 4 339 million – an improved gross margin of 75.1% following 74.5% in 2020.

Cost of sales has three components: the cost of sales for products and services, royalty expenses, and the amortization of intangible assets linked to sales:

- **The cost of sales for products and services** increased to € 962 million – in line with net sales growth
- **Royalty expenses** went up to € 327 million
- **Amortization of intangible assets linked to sales:** Under IFRS 3, UCB has reflected on its statement of financial position a significant amount of intangible assets relating to acquisitions (in-process research and development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched decreased to € 149 million, as NEUPRO® went off-patent in April 2021.

Gross Profit
€ 4 339 million

Gross Margin
75.1%

1.8 Adjusted EBIT and adjusted EBITDA

	Actual		Variance	
€ million	**2021**	2020	Actual rates	CER
Revenue	**5 777**	**5 347**	**8%**	**10%**
Net sales	5 471	5 052	8%	11%
Royalty income and fees	79	96	-18%	-15%
Other revenue	227	199	14%	14%
Gross profit	**4 339**	**3 984**	**9%**	**12%**
Marketing and selling expenses	-1 346	-1 221	10%	13%
Research and development expenses	-1 629	-1 569	4%	4%
General and administrative expenses	- 208	- 196	6%	6%
Other operating income/expenses (-)	162	95	70%	76%
Total operating expenses	**-3 021**	**-2 891**	**4%**	**5%**
Adjusted EBIT	**1 318**	**1 093**	**21%**	**30%**
Add: Amortization of intangible assets	187	215	-13%	-13%
Add: Depreciation charges	135	133	2%	2%
Adjusted EBITDA	**1 641**	**1 441**	**14%**	**21%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, increased to € 3 021 million reflecting higher marketing and selling as well as slightly higher research and development expenses. Total operating expenses in relation to revenue (operating expense ratio) decreased to 52% following 54% in 2020, consisting of:

- 10% higher **marketing and selling expenses** of € 1 346 million, driven by launches and pre-launch activities: BIMZELX® launches throughout Europe, preparations for BIMZELX® launches in Japan and the U.S. as well as pre-launch activities for *zilucoplan* and *rozanolixizumab* for people living with generalized myasthenia gravis (gMG), and CIMZIA® (new indication and regional expansion), NAYZILAM® and EVENITY® ongoing launches.
- 4% higher **research and development expenses** of € 1 629 million reflect the ongoing strong investments in UCB's progressing pipeline with five late-stage assets and ongoing earlier stage research. The R&D ratio reached 28% in 2021 following 29% in 2020.
- 6% higher **general and administrative expenses** of € 208 million, driven by implementation expenses for improved value-focused allocation of resources and share-based payments valuation.
- **other operating income** significantly increased to € 162 million following € 95 million in 2020 – driven by an income of € 151 million reflecting the net contribution from Amgen in connection with the commercialization of EVENITY®, after an income of € 96 million in 2020.

Thanks to higher revenues and moderately increased operating expenses, **adjusted EBIT** went up by 21% to € 1 318 million, compared to 1 093 million in 2020.

- **total amortization of intangible assets** (product related and other) amounted to € 187 million.
- **depreciation charges** reached € 135 million.

Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation and amortization charges) reached € 1 641 million after € 1 441 million (+14%; 21% CER), driven by continued revenue growth and moderately growing operating expenses, reflecting the investments into the future of UCB, namely into product launches and clinical development. The adjusted EBITDA ratio for 2021 (in % of revenue) reached 28%, vs 27% in 2020.

1.9 Profit

	Actual		Variance	
€ million	**2021**	2020	Actual rates	CER
Adjusted EBIT	**1 318**	**1 093**	**21%**	**30%**
Impairment charges	- 6	0	n/a	n/a
Restructuring expenses	- 21	- 20	4%	5%
Gain/loss (-) on disposals	- 1	53	>-100%	>-100%
Other income/expenses (-)	- 6	- 155	-96%	-96%
Total impairment, restructuring and other income/expenses (-)	- 34	- 122	-72%	-72%
EBIT (operating profit)	**1 284**	**971**	**32%**	**43%**
Net financial expenses (-)	- 58	- 93	-37%	-37%
Result from associates	0	2	-100%	-100%
Profit before income taxes	**1 226**	**880**	**39%**	**51%**
Income tax expenses	- 170	- 119	43%	50%
Profit from continuing operations	**1 056**	**761**	**39%**	**51%**
Profit/loss (-) from discontinued operations	3	0	n/a	n/a
Profit	**1 058**	**761**	**39%**	**51%**
Attributable to UCB shareholders	1 058	732	45%	52%
Attributable to non-controlling interests	0	29	-100%	-100%
Profit attributable to UCB shareholders	**1 058**	**732**	**45%**	**52%**

Total impairment, restructuring and other income/expenses (-) amounted to € 34 million expenses (after an expense of € 122 million in 2020). In 2020, this was mainly driven by fees related to acquisitions, which did not reoccur in 2021.

Net financial expenses went down to € 58 million from € 93 million in 2020, thanks to lower hedging costs and reduction of interest expenses.

Income tax expenses were € 170 million compared to € 119 million in 2020, with an average effective tax rate of 14% compared to 13% in 2020.

Profit from discontinued operations was € 3 million after € 0 million.

Profit attributable to shareholders

€ 1 058 million

The profit of the Group amounted to € 1 058 million, of which the full amount is attributable to UCB shareholders as the contributions to non-controlling interests have expired end of 2020. For 2020, profit was € 761 million, of which € 732 million were attributable to UCB shareholders and € 29 million to non-controlling interests.

1.10 Core EPS

€ million	Actual 2021	Actual 2020	Variance Actual rates	Variance CER
Profit	**1 058**	**761**	**39%**	**51%**
Attributable to UCB shareholders	1 058	732	45%	52%
Attributable to non-controlling interests	0	29	-100%	-100%
Profit attributable to UCB shareholders	**1 058**	**732**	**45%**	**52%**
Total impairment, restructuring and other income (-) /expenses	34	122	-72%	-72%
Income tax on impairment, restructuring and other expenses (-)/ credit	- 4	- 3	37%	37%
Financial one-off income (-)/expenses	0	0	n/a	n/a
Income tax on financial one-off income/expenses (-)	0	0	n/a	n/a
Profit (-)/loss from discontinued operations	- 3	0	n/a	n/a
Amortization of intangibles linked to sales	149	179	-17%	-16%
Income tax on amortization of intangibles linked to sales	- 9	- 15	-39%	-39%
Core profit attributable to UCB shareholders	**1 226**	**1 015**	**21%**	**26%**
Weighted average number of shares (million)	189	189	0%	
Core EPS attributable to UCB shareholders (€)	**6.49**	**5.36**	**21%**	**26%**

The profit attributable to UCB shareholders, adjusted for the after-tax impact of to-be adjusted items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization of intangibles linked to sales, amounted to **core profit attributable to the UCB shareholders** of € 1 226 million (21%), leading to **core earnings per share** (EPS) of € 6.49 compared to € 5.36 in 2020, per non-dilutive weighted average number of shares of 189 million.

1.11 Capital expenditure

In 2021, the tangible capital expenditure resulting from UCB biopharmaceutical activities amounted to € 282 million (2020: € 256 million) and are mainly related to the Bioplant under construction in Belgium, right-of-use assets related to renewal of building lease agreements, revamping of office environment, building facilities and IT hardware.

Acquisition of intangible assets reached € 211 million in 2021 (2020: € 93 million) and is related to software, capitalized eligible development costs and milestones, and the capitalization of external development expenses for post approval studies.

1.12 Statement of financial position

The **intangible assets** increased by € 186 million from € 2 973 million at December 31, 2020 to € 3 159 million at December 31, 2021. The increase includes additions for € 170 million, the positive impact on the translation of foreign currencies, partially offset with the ongoing amortization of the intangible assets.

Goodwill at € 5 173 million, up € 209 million due to a stronger U.S. Dollar and British Pound compared to December 2020.

Other non-current assets increased by € 368 million, driven by additions for property, plant and equipment of € 386 million offset with ongoing depreciation, and increase of deferred tax assets related to timing differences and R&D tax credits.

The **current assets** increased from € 3 582 million as of December 31, 2020 to € 3 710 million as of December 31, 2021 mainly related to trade and other receivables following strong Q4 net sales offset with a decrease in cash and equivalents.

UCB's shareholders' equity, at € 8 386 million, showed an increase of € 1 114 million between December 31, 2020 and December 31, 2021. The important changes stem from the net profit (€ 1 058 million), the USD and GBP currency translation (€ 280 million), offset with cash-flow hedges (€ -103 million), the dividend payments (€ -240 million) and the acquisition of own shares (€ -65 million).

The **non-current liabilities** amounted to € 3 000 million, a decrease of € 233 million, related to lower financial debt, offset with increasing deferred taxes linked to timing differences and intangibles.

The **current liabilities** amounted to € 2 824 million, up € 10 million, impacted by the repayment of the € 350 million bond offset with higher trade and rebates payables, and deferred income related to partnerships.

Net financial debt of € -860 million as per end December 2021 compared to net financial debt of € -1 411 million as of end December 2020, mainly relates to the underlying net profitability, offset by the dividend payment on the 2020 results and the acquisition of own shares. The net debt to adjusted EBITDA ratio for 2021 is 0.52.

1.13 Cash flow statement

The evolution of cash flow generated by bio-pharmaceutical activities is affected by the following:

- **Cash flow from operating activities** amounted to € 1 553 million, all related to continuing operations, compared to € 1 081 million in 2020. The cash inflow stems from underlying net profitability, deferred income related to partnerships, higher outstanding payables in the last quarter, offset with higher receivables after a strong Q4 2021 and taxes paid.
- **Cash flow from investing activities** showed an outflow of € 487 million from continuing operations, compared to € 2 228 million in 2020 and includes tangible (€ 282 million) and intangible (€ 211 million) capital expenditures, investments in venture funds, offset with the sale of non-core assets.
- **Cash flow from financing activities** had an outflow of € 1 119 million, mainly including the issuance of a € 500 million senior unsecured bond, offset with the repayment of institutional Eurobonds (€ 700 million), repayment of bank borrowings (€ 512 million), the dividend paid to UCB shareholders (€ 240 million), the acquisition of treasury shares (€ 60 million) and interest payments.

1.14 Financial Guidance 2022

For 2022, UCB is aiming for revenues in the range of € 5.15 – 5.40 billion based on continued core product growth and taking into account estimated impacts from the loss of exclusivity for VIMPAT® in the U.S. (March 2022) and Europe (September 2022), E KEPPRA® in Japan (January 2022) as well as the U.S. launch of BIMZELX® for people living with psoriasis. The regulatory review in the U.S. is ongoing, with a decision expected in the first half of 2022.

UCB will continue to invest into research and development advancing its late-stage development pipeline and preparing upcoming launches to offer potential new solutions for patients.

Underlying profitability, adjusted EBITDA, is expected in the range of 26 – 27% of revenue, reflecting the continued high R&D and marketing & sales investment levels. Core earnings per share are therefore expected in the range of € 4.80 – € 5.30 per share-based on an average of 189 million shares outstanding.

The figures for the financial guidance 2022 as mentioned above are calculated on the same basis as the actual figures for 2021; they will be updated upon closing of the planned Zogenix, Inc. acquisition.

Based on UCB's current assessment of the COVID-19 pandemic, UCB remains confident in the fundamental underlying demand for its products and its prospects for long-term growth. UCB will continue to closely follow the evolving COVID-19 pandemic diligently to assess potential near- and mid-term challenges.

2. Consolidated financial statements

2.1 Consolidated income statement

For the year ended December 31 € million	Note	2021	2020
Continuing operations			
Net sales	6	5 471	5 052
Royalty income and fees		79	96
Other revenue	10	227	199
Revenue		**5 777**	**5 347**
Cost of sales		-1 438	-1 363
Gross profit		**4 339**	**3 984**
Marketing and selling expenses		-1 346	-1 221
Research and development expenses		-1 629	-1 569
General and administrative expenses		- 208	- 196
Other operating income/expenses (-)	13	162	95
Operating profit before impairment, restructuring and other income and expenses		**1 318**	**1 093**
Impairment of non-financial assets	14	- 6	0
Restructuring expenses	15	- 21	- 20
Other income/expenses (-)	16	- 7	- 102
Operating profit		**1 284**	**971**
Financial income	17	80	14
Financial expenses	17	- 138	- 107
Share of profit/loss (-) of associates		0	2
Profit before income taxes		**1 226**	**880**
Income tax expense	18	- 170	- 119
Profit from continuing operations		1 056	**761**
Discontinued operations			
Profit/loss (-) from discontinued operations	9	**3**	**0**
Profit		**1 058**	**761**
Attributable to:			
Equity holders of UCB SA		1 058	732
Non-controlling interests		0	29
Basic earnings per share (€)			
from continuing operations	41	5.59	3.87
from discontinued operations	41	0.01	0
Total basic earnings per share		**5.60**	**3.87**
Diluted earnings per share (€)			
from continuing operations	41	5.44	3.77
from discontinued operations	41	0.01	0
Total diluted earnings per share		**5.45**	**3.77**

2.2 Consolidated statement of comprehensive income

For the year ended December 31

€ million	Note	2021	2020
Profit for the period		**1 058**	**761**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
– Net gain/loss (-) on financial assets at FVOCI		26	27
– Exchange differences on translation of foreign operations		280	- 314
– Effective portion of gains/losses (-) on cash flow hedges		- 140	84
– Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		33	-23
Items not to be reclassified to profit or loss in subsequent periods:			
– Remeasurement of defined benefit obligation	33	97	-26
– Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods		-10	2
Other comprehensive income/loss (-) for the period, net of tax		**286**	**-250**
Total comprehensive income for the period, net of tax		**1 344**	**511**
Attributable to:			
Equity holders of UCB SA		1 344	482
Non-controlling interests		0	29
Total comprehensive income for the period, net of tax		**1 344**	**511**

2.3 Consolidated statement of financial position

For the year ended December 31

€ million	Note	2021	2020
Assets			
Non-current assets			
Intangible assets	20	3 159	2 973
Goodwill	21	5 173	4 964
Property, plant and equipment	22	1 275	1 035
Deferred income tax assets	32	692	605
Financial and other assets (including derivative financial instruments)	23	201	160
Total non-current assets		**10 500**	**9 737**
Current assets			
Inventories	24	878	854
Trade and other receivables	25	1 239	1 031
Income tax receivables	36	51	48
Financial and other assets (including derivative financial instruments)	23	273	310
Cash and cash equivalents	26	1 263	1 336
Assets of disposal group classified as held for sale	9.2	6	3
Total current assets		**3 710**	**3 582**
Total assets		**14 210**	**13 319**
Equity and liabilities			
Equity			
Capital and reserves attributable to UCB shareholders	27	8 386	7 271
Non-controlling interests	23.6	0	1
Total equity		**8 386**	**7 272**
Non-current liabilities			
Borrowings	29	1 252	1 629
Bonds	30	816	687
Other financial liabilities (including derivative financial instruments)	31	13	3
Deferred income tax liabilities	32	191	168
Employee benefits	33	315	402
Provisions	34	188	165
Trade and other liabilities	35	86	91
Income tax payables	36	139	88
Total non-current liabilities		**3 000**	**3 233**
Current liabilities			
Borrowings	29	55	81
Bonds	30	0	350
Other financial liabilities (including derivative financial instruments)	31	100	86
Provisions	34	83	80
Trade and other liabilities	35	2 555	2 138
Income tax payables	36	31	79
Liabilities of disposal group classified as held for sale	9.2	0	0
Total current liabilities		**2 824**	**2 814**
Total liabilities		**5 824**	**6 047**
Total equity and liabilities		**14 210**	**13 319**

2.4 Consolidated statement of cash flows

For the year ended December 31 € million	Note	2021	2020
Profit for the year attributable to UCB shareholders		**1 058**	**732**
Non-controlling interests		0	29
Adjustment for profit (-)/loss from associates		0	- 2
Adjustment for non-cash transactions	37	239	297
Adjustment for items to disclose separately under operating cash flow	37	170	119
Adjustment for items to disclose under investing and financing cash flows	37	41	2
Change in working capital	37	153	221
Working capital adjustment relating to acquisitions	8	0	- 263
Interest received	17	17	17
Cash flow generated from operations		**1 679**	**1 153**
Tax paid during the period		- 126	- 72
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		1 553	1 081
From discontinued operations		0	0
Net cash flow generated by operating activities		**1 553**	**1 081**
Acquisition of property, plant and equipment	22	- 282	- 256
Acquisition of intangible assets	20	- 211	- 93
Acquisition of subsidiaries, net of cash acquired		0	-1 986
Acquisition of other investments		- 19	- 7
Sub-total acquisitions		**- 512**	**-2 342**
Proceeds from sale of property, plant and equipment		1	1
Proceeds from sale of other activities, net of cash disposed		15	75
Proceeds from sale of other investments		9	38
Sub-total disposals		**25**	**114**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		- 487	-2 228
From discontinued operations		0	0
Net cash flow used in (-)/generated by investing activities:		**- 487**	**-2 228**
Proceeds from issuance of Private Placement	30.3	0	150
Repayment of bonds (-)	30.3	- 204	- 250
Proceeds from borrowings	29	0	1 895
Repayments of borrowings (-)	29	- 512	- 166
Payment of lease liabilities	29	- 40	- 41
Acquisition (-) of treasury shares	27	- 60	- 106
Dividend paid to UCB shareholders, net of dividend paid on own shares	27.2, 42	- 240	- 235
Interest paid	17	- 63	- 70
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		-1 119	1 177
From discontinued operations		0	0
Net cash flow used in (-)/generated by financing activities		**-1 119**	**1 177**
Net increase/decrease (-) in cash and cash equivalents		- 53	30
From continuing operations		- 53	30
From discontinued operations		0	0
Net cash and cash equivalents at the beginning of the period		1 303	1 288
Effect of exchange rate fluctuations		- 7	- 15
Net cash and cash equivalents at the end of the period		**1 244**	**1 303**

2.5 Consolidated statement of changes in equity

2021 € million	Attributed to equity holders of UCB SA									
	Share capital and share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Financial assets at FVOCI	Cash flow hedges	**Total**	Non-controlling interests	**Total stockholders' equity**
Balance at January 1, 2021	**2 614**	**-393**	**5 463**	**-144**	**-372**	**38**	**65**	**7 271**	**1**	**7 272**
Profit for the period	-	-	1 058	-	-	-	-	**1 058**	-	**1 058**
Other comprehensive income/loss (-)	-	-	-	87	280	22	-103	**286**	-	**286**
Total comprehensive income	**-**	**-**	**1 058**	**87**	**280**	**22**	**-103**	**1 344**	**0**	**1 344**
Dividends (Note 42)	-	-	-240	-	-	-	-	**-240**	-	**-240**
Share-based payments (Note 28)	-	-	75	-	-	-	-	**75**	-	**75**
Transfer between reserves	-	63	-63	-	-	-	-	**-**	-	**-**
Treasury shares (Note 27)	-	-65	-	-	-	-	-	**-65**	-	**-65**
Transfer between OCI and reserves	-	-	-	2	-	-2	-	**-**	-	**-**
Movement on NCI	-	-	-	1	-	-	-	**1**	-1	**0**
Balance at December 31, 2021	**2 614**	**-395**	**6 294**	**-56**	**-92**	**59**	**-38**	**8 386**	**0**	**8 386**

2020 € million	Attributed to equity holders of UCB SA									
	Share capital and share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Financial assets at FVOCI	Cash flow hedges	**Total**	Non-controlling interests	**Total stockholders' equity**
Balance at January 1, 2020	**2 614**	**- 377**	**4 964**	**- 117**	**- 58**	**9**	**4**	**7 039**	**- 30**	**7 009**
Profit for the period	-	-	732	-	-	-	-	**732**	29	**761**
Other comprehensive income/loss (-)	-	-	-	- 24	- 314	27	61	**- 250**	-	**- 250**
Total comprehensive income	**-**	**-**	**732**	**- 24**	**- 314**	**27**	**61**	**482**	**29**	**511**
Dividends (Note 42)	-	-	- 235	-	-	-	-	**- 235**	-	**- 235**
Share-based payments (Note 28)	-	-	70	-	-	-	-	**70**	-	**70**
Transfer between reserves	-	66	- 66	-	-	-	-	**-**	-	**-**
Treasury shares (Note 27)	-	- 82	-	-	-	-	-	**- 82**	-	**- 82**
Transfer between OCI and reserves	-	0	-	- 2	-	2	-	**0**	-	**-**
Transfer from NCI to equity holders	-	-	-2	-	-	-	-	**-2**	2	**-**
Balance at December 31, 2020	**2 614**	**-393**	**5 463**	**-144**	**-372**	**38**	**65**	**7 271**	**1**	**7 272**

3. Notes to the consolidated financial statements

1. General information

UCB SA/NV (UCB or the Company) and its subsidiaries (together the Group) is a global biopharmaceutical company focused on severe diseases in two main therapeutic areas namely Neurology and Immunology.

The consolidated financial statements of the Company as at and for the year ended December 31, 2021 comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA, UCB S.R.O and UCB Inc., all wholly owned subsidiaries, have branches in the U.K., Slovakia and Puerto Rico, respectively, that are integrated into their accounts. UCB Biopharma SRL has set up a new branch in the U.K. on November 12, 2020. The branch is operational as of January 1, 2021.

UCB SA/NV, the parent company, is a limited liability company incorporated and domiciled in Belgium.

The registered office is at 60, Allée de la Recherche, B-1070 Brussels, Belgium. UCB SA is listed on the Euronext Brussels Stock Exchange.

The Board of Directors approved these consolidated financial statements and the statutory financial statements of UCB SA for issue on February 24, 2022. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on April 28, 2022.

2. Current and expected impact of the COVID-19 situation on the financial position, performance and cash-flows of UCB

UCB has put measures in place to protect the health and wellbeing of its employees and other key stakeholders, especially its patients, while remaining focused on ensuring business critical activities are properly maintained.

The direct impact of the COVID-19 pandemic on UCB's financial position, performance and cash-flows has been limited.

Revenues of UCB Group for 2021 have not been materially impacted by the COVID-19 pandemic.

There have been no disruptions in supply chains and/or production. UCB has been closely monitoring its supply chain for potential impact to the supply of its medicines around the world. UCB maintains strategic buffer stock and leverages multi-sourcing for key materials in its global supply chain to mitigate the impact of supply disruptions due to events such as the current coronavirus outbreak. UCB's global manufacturing and distribution network has remained fully operational and is in constant contact with its global network of key suppliers, manufacturing partners, and distributors to identify potential risks and take appropriate measures to avoid any disruption. No supply disruptions of UCB's products are currently anticipated. As this global situation evolves, UCB will continue to take the steps necessary to safeguard the reliable supply of its medicines.

In 2021, thanks to the pro-active measures taken by UCB, the timelines for UCB's clinical development program have not experienced any material delays due to COVID-19. The latest pipeline and its timelines can be found in the Business Performance Review under 1.2 Key Events.

UCB will continue to monitor the impact of COVID-19 on all ongoing clinical trials and will implement changes as necessary.

UCB has not applied for any relief or support measure issued by governments or other public institutions. The COVID-19 situation has not substantially impacted UCB's income tax expenses but UCB is continuously monitoring for potential impacts.

UCB has not benefited from any COVID-19-related lease concessions. Therefore, there is no impact on the accounting of lease agreements from the IASB's amendments to IFRS 16.

UCB has assessed that the COVID-19 situation has not at present given any indication that any asset may be impaired and has therefore concluded that none of the impairment indicators in IAS 36 have been triggered. No significant risk of material adjustment to the carrying amounts of assets and liabilities has arisen as a result of the COVID-19 pandemic.

UCB uses a provision matrix in order to determine lifetime expected credit losses (ECL). To date there no indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime ECL. Forward-looking information has been incorporated in the ECL estimate and assumptions used in the ECL model have not changed significantly over the period. Up till now, there is no indication that the COVID-19 pandemic will be impacting the lifetime ECL for receivables. No impairment for specific receivables as a result of the pandemic has been accounted for.

The COVID-19 pandemic has not had any major impact on the liquidity position of UCB group. The liquidity risk management strategy is adequate and appropriate and has not changed, and there was no need for any cancellation or reduction of the dividend pay-out in 2021.

UCB did not change its credit risk management practices because of the COVID-19 pandemic, either.

Financial risks are described under Note 5 and have not been materially impacted by the COVID-19 situation. UCB's access to financing under its existing credit facilities has not been affected as a consequence of COVID-19. There have not been changes in existing terms of borrowings or other financial liabilities during the reporting period.

UCB's ability to continue as a going concern is not in any question.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the European Union as of December 31, 2021.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

3.2 New and amended standards adopted by the group

A number of amendments to standards are mandatory for the first time for the financial year beginning January 1, 2021. However, the Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments and improvements to the standards. The impact of the IFRS Interpretations Committee's March 2021 decision relating to configuration or customization costs in a cloud computing arrangement is still being analyzed by UCB. The outcome of this analysis might result in an impact on the income statement.

UCB applied reliefs provided by the Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: disclosures – Interest rate benchmark reform on its interest rate swaps (cash flow hedges) with current nominal amount of US$ 450 million and interest rate swaps (fair value hedges) with a nominal amount of € 825 million. As provided under the Amendments, UCB assumed that the interest rate on which the hedged cash flows are based (USD LIBOR and/or EURIBOR), will not change as a result of the reform until the maturity of the hedge instrument. Hence, when hedged cash flows may change as a result of IBOR reform, this will not cause the 'highly probable' test to fail. Moreover, as provided under the Amendments, UCB assumes minimal ineffectiveness due to changes in cash flows because of IBOR reform. Therefore the economic relationship between hedged item and hedging instrument should not be impacted. For the fair value hedges of fixed-rate debts, UCB applied the relief provided by the Amendment to IFRS 9 relating to the fact that the risk component only needs to be separately identifiable at initial hedge designation. This approach is warranted taking into consideration that EURIBOR has been reformed to meet the regulatory requirements of the Benchmarks Regulation of the European Union and there are no plans to discontinue EURIBOR. Also, ICE Benchmark Administration Limited ("IBA"), which is the authorized and regulated administrator of LIBOR, is expected to continue to determine and publish the overnight and the 1-, 3-, 6- and 12-Months USD LIBOR settings using panel bank contributions under the "panel bank" LIBOR. methodology until end of June 2023, which encompasses the remaining maturity of outstanding USD interest rate derivatives.

3.3 New standards and amendments to standards not yet adopted

There are no standards or amendments or improvements to standards that have been issued by the IASB that are not yet effective and that would be expected to have a material impact on the Group's consolidated financial statements.

3.4 Consolidation

3.4.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.4.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20%–50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are classified to profit or loss where appropriate.

The Group share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying amount of investments in associates is tested for impairment in accordance with the policy described in Note 3.10. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

3.4.5 Interests in joint operations

A joint operation is a joint arrangement whereby the parties, or joint operators that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When conducting activities under joint operations, the Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liability incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operations;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

3.5 Segment reporting

The Group's activities are in one segment, Biopharmaceuticals. There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis; therefore UCB operates as one segment.

3.6 Foreign currency translation

The following important exchange rates were used in preparing the consolidated financial statements:

	Closing Rate		Average Rate	
	2021	2020	**2021**	2020
USD	1.139	1.223	1.182	1.140
JPY	130.980	126.280	129.812	121.762
GBP	0.841	0.896	0.859	0.889
CHF	1.038	1.082	1.081	1.070

The closing rates represent spot rates as at December 31, 2021 and December 31, 2020.

3.6.1 Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (€), which is the functional currency of the Company, and the presentation currency of the Group.

3.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under Financial income or Financial expenses (Note 17), except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or when attributable to part of the net investment in a foreign operation.

Exchange differences on a foreign currency monetary financial asset measured at FVOCI are recognized partly in profit or loss and partly in other comprehensive income. For the purpose of recognizing foreign exchange gains and losses under IAS 21, the asset is treated as if it were carried at amortized cost in the foreign currency. Accordingly, foreign exchange differences on the amortized cost balance and those arising from changes in amortized cost (such as interest calculated using the effective interest method and impairment losses) are recognized in profit or loss. All other gains and losses (that is, changes in fair value, including exchange differences thereon) are recognized in other comprehensive income.

Exchange differences on a foreign currency non-monetary financial asset measured at FVOCI are recognized in other comprehensive income as part of the fair value gain or loss.

3.6.3 Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income (referred to as "cumulative translation adjustments").

On consolidation, exchange difference arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or wholly disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3.7 Revenue

Revenue is recognized when control of a good or service transfers to a customer.

3.7.1 Net sales

Net sales encompass revenue recognized resulting from transferring control over products to the customer.

The amount of revenue recognized is the amount allocated to the satisfied performance obligation taking into account variable consideration. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration that is included in the transaction price relates to sales returns, rebates, trade and cash discounts, charge-backs granted to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and others as well as the U.S. Branded Prescription Drug Fee. A liability is recognized for expected sales returns, rebates, trade and cash discounts, charge-backs or other reimbursements payable directly or indirectly to customers in relation to sales made until the end of the reporting period. Payment terms can differ from contract to contract but no element of financing is deemed present. Therefore the transaction price is not adjusted for the effects of a significant financing component. A receivable is recognized as soon as control over the products is transferred to the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The transaction price is adjusted for any consideration payable to the customer (directly or indirectly) that is economically linked to the revenue contract unless the payment is for distinct services received from the customer. In the latter case, the fair value of the services received is estimated and accounted for as part of marketing and selling expenses.

The amount of variable consideration is estimated on the basis of historical experience and the specific terms in the individual agreements.

Net sales are presented net of value added tax, other sales related taxes or any other amounts collected on behalf of third parties such as the government or governmental institutions.

3.7.2 Royalty income

Sales-based royalties resulting from the out-licensing of IP are recognized as the subsequent underlying sales occur provided that the related performance obligation has been satisfied by then.

3.7.3 Other revenue

Other revenue comprises revenue generated through out-licensing and profit-sharing agreements as well as contract manufacturing agreements. The underlying performance obligations can be satisfied at a point in time or over time depending on the specific situation.

For performance obligations satisfied over time, revenue is recognized based on a pattern that best reflects the transfer of control of the service to the customer. Usually this progress is measured by an input method whereby costs incurred and hours expended relative to total costs expected to be incurred and total hours expected to be expended are used as a basis.

Any variable consideration that is promised in exchange of a license of IP and that is based upon achieving certain sales targets, is accounted for in the same way as sales-based royalties i.e. at the moment the related sales occur provided that the related performance obligation has been satisfied.

Any variable consideration such as a development milestone payment that is promised in exchange for development services or the license of IP, is only included in the transaction price as from the moment the achievement of the related milestone event is highly probable, which then results in a catch up of revenue at that moment for any performances up till that moment.

Any upfront payments or license fees for which there are subsequent performance obligations, are initially reported as deferred revenue and are recognized as revenue when performance obligations are satisfied over the period of the development collaboration or manufacturing obligation.

3.7.4 Interest income

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

3.7.5 Dividend income

Dividends are recognized when the shareholder's right to receive the payment is established.

3.8 Cost of sales

Cost of sales includes primarily the direct production costs, related production overheads and the amortization of the related intangible assets as well as services rendered. Start-up costs are expensed as incurred. Royalty expenses directly linked to goods sold are included in "cost of goods sold".

3.9 Research and development

3.9.1 Internally-generated intangible assets, research and development expenditure

All internal research costs are expensed as incurred. Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 Intangible Assets. Due to long development periods and significant uncertainties related to the development of new products (such as the risks related to the outcome of clinical trials as well as the likelihood of regulatory approval), internal development costs generally do not qualify for capitalization as intangible assets. At December 31, 2021, no internal development expenditures have met the recognition criteria.

3.9.2 Acquired intangible assets

Payments for acquired in-process research and development projects obtained through in-licensing arrangements, business combinations or separate asset purchases are capitalized as intangible assets provided that they are separately identifiable, controlled by the Group and expected to provide future economic benefits. As the probability criterion in IAS 38 is always considered to be satisfied for separately acquired research and development assets and the amount of the payments is determinable, upfront and milestone payments to third parties for pharmaceutical products or compounds for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives from the date on which the products are launched for sale.

3.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets, goodwill, property, plant and equipment and investments in associates to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Irrespective of whether there is an indication of impairment, an impairment assessment of the intangibles not yet available for use and goodwill is carried out annually. These assets are not amortized. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or the CGU, using the same methods as those used in the initial measurement of the asset or the CGU on the basis of the medium-term plans of each business activity. Estimated cash flows are discounted using an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized directly in the income statement under the "impairment of non-financial assets" caption. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The reversal of the impairment is recognized in the income statement. An

impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are never reversed.

Intangible assets are assessed for impairment either on a compound by compound basis or by indication where applicable.

3.11 Restructuring expenses, other income and expenses

The expenses made by the Group in order to be better positioned to face the economic environment in which it operates are presented in the income statement as "restructuring expenses".

The gains and losses arising upon the sale of intangible assets other than development stage assets or property, plant and equipment as well as increases or reversals of provisions for litigations, other than tax litigations or litigations related to discontinued operations, are presented in the income statement as "other income and expenses".

3.12 Income taxes

The tax expense for the period comprises current and deferred income taxes. Tax expense is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the case of items recognized in other comprehensive income or in equity, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the accounting policies related to R&D tax credits we refer to 3.13.2 under Government grants.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income.

Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and intention either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized. Deferred income tax is not accounted for if it arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. The Group only considers substantively enacted tax laws when estimating the amount of deferred taxes to be recognized. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.13 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

3.13.1 Recoverable cash payments received from the government

The Group receives cash payments from the government to partially finance certain research and development projects. The cash payments received from the government are repayable in cash only if the Group decides to exploit and commercialize the results of the research phase of the related project. If the Group decides not to proceed with the results from the research phase, the cash payments are not repayable. In this case the rights to the research need to be transferred to the government. When the Group receives these cash payments, these are accounted for as other non-current liabilities. Only at the moment when there is reasonable assurance that the Group will not have to reimburse the cash payments, these cash payments are accounted for as government grants and taken up in "other operating income". More specifically, this is at the moment the government confirms the receipt of the research results and its agreement with the Group's decision not to proceed with the research.

3.13.2 R&D tax credit

The R&D tax credit is considered as a government grant related to assets if no additional relevant requirements are to be met that are not directly related to the asset. The tax credit is taken in profit and loss in line with the costs it is intended to compensate. If the tax credit is received to compensate research and development expenses that are not capitalized, the R&D tax credit is recognized in P&L at the same moment as the research and development expenses as a credit to the line "Research and development expenses". If the tax credit is received to compensate amortizations on intangible assets e.g. licenses, the R&D tax credit is recognized in profit and loss over the (remaining) useful life of the asset and reported as "Other operating income".

The part of the R&D tax credit that cannot be deducted from the taxable income is accounted for as a deferred tax asset. In

this case, either the R&D tax credit can or (i) be received as a cash tax refund after the legally foreseen waiting period or (ii) be offset against future taxable income. If the R&D tax credit is not refundable by the tax authorities, the recoverability of the deferred tax asset is assessed on a regular basis as for the other deferred tax assets. The part of the R&D tax credit that can be deducted from taxable income is debited to the current income tax liability.

3.14 Intangible assets

3.14.1 Patents, licenses, trademarks and other intangible assets

Patents, licenses, trademarks and other intangible assets (collectively referred to as "intangible assets") are shown at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Intangible assets (except for goodwill) are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e. in the case of a license related to a compound or product, when the product (containing the compound) is launched for sale). Estimated useful life is based on the lower of the contract life or the economic useful life (generally between 5 to 20 years). Intangible assets (except for goodwill) are considered to have a finite economic useful life; therefore no intangible assets with an indefinite life have been identified.

3.14.2 Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 to 5 years) on a straight-line basis.

3.15 Goodwill

Goodwill arises on the acquisition of subsidiaries and associates and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is initially recognized as an asset at cost and is subsequently carried at cost less accumulated impairment losses. Goodwill related to the acquisition of subsidiaries is presented separately on the face of the statements of financial position, whereas goodwill arising upon acquisition of associated companies is included in the investment in associated companies.

UCB operates as one segment and has one cash generating unit for the purpose of impairment testing.

As goodwill is considered to have an indefinite life, it is tested for impairment annually, and whenever there is an indication that it may be impaired, by comparing its carrying amount with its recoverable amount. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed.

On disposal of a subsidiary or an associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the entity.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess remaining after reassessment is recognized directly in profit or loss.

3.16 Property, plant and equipment

All property, plant and equipment are carried at cost less accumulated depreciation and impairment losses except for property, plant and equipment under construction, which is carried at cost less accumulated impairment losses.

Cost includes all directly attributable costs of bringing the asset to its working condition for its intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed as they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets, other than land and properties under construction, to their residual values over their estimated useful lives. Depreciation commences when the asset is ready to be used. Land is not depreciated.

The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is(are) accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following useful lives are applicable to the main property, plant and equipment categories:

Buildings	20 – 33 years
Machinery	7 – 15 years
Laboratory equipment	7 years
Prototype equipment	3 years
Furniture and fixtures	7 years
Vehicles	5 – 7 years
Computer equipment	3 years
Right-of-use assets	Shorter of asset's useful life and leasing term

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount and are recognized under "other income and expenses" in the income statement.

Investment property is indicative of land and buildings held to earn rentals. Such assets are initially carried at cost and depreciated on a straight-line basis over their estimated useful lives. The underlying useful lives correspond to those of self-used tangible assets. Given the insignificant amount of investment property, it is not separately presented in the statement of financial position.

3.17 Leases

The Group leases various properties, equipment and cars and the rental contracts are typically made for a fixed, short or long term period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate.

There are no leases for which it is expected that the Group would need to pay a residual value guarantee or a certain amount to exercise a purchase option whereby it is reasonable certain that the Group will exercise this option or any penalties for terminating the lease in case the lease term reflects that the Group will exercise this option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs (except for the leases already existing at transition date), and
- restoration costs.

Right-of-use assets are presented as part of property, plant and equipment and lease liabilities as part of borrowings in the statement of financial position. All lease payments that are due within 12 months are classified as current liabilities. All lease payments that are due at least 12 months after the statement of financial position date are classified as non-current liabilities.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT-equipment (laptops, tablets, mobile phones, PCs) and small items of office equipment and furniture.

Some of the car leases contain variable lease payments. It concerns car lease agreements that contain a Terminal Rental Adjustment Clause (TRAC): a final settlement calculation is made at termination of the lease to determine the final rental adjustment. This final rent adjustment is a rent payment (or credit) that reflects actual usage of the vehicle while under lease. This final amount is not known at lease commencement. The rental adjustment amount is not a specified amount but depends upon known factors such as monthly depreciation and initial acquisition cost, and several unknown factors at lease commencement, such as mileage, condition of the vehicle, wear and tear, damage, geography of operation, disposal channel, and other factors. Together, these factors generally represent "use" of the vehicle. Payments that vary due to use of the underlying asset and vehicle mileage specifically are variable lease payments. The final rental adjustment is recognized as expense or, in case of a credit, as a reduction of expenses when realized.

Extension options are included in a number of property and car leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The extension options held are exercisable only by the Group and not by the respective Lessor.

There are no material lease agreements whereby the Group is lessor.

3.18 Financial assets: investments

3.18.1 Classification

The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss (FVPL), those to be measured subsequently at fair value through other comprehensive income (FVOCI), those to be measured at amortized cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI (FVOCI).

3.18.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

The Group currently does not have any investments in debt instruments.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as financial income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognized in financial income/expenses in the income statement.

The fair value of listed investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

3.19 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions.

Derivative financial instruments are initially recorded at fair value and attributable transaction costs are recognized in the income statement when incurred. Derivative financial instruments are subsequently remeasured at their fair value.

The Group includes the credit and the nonperformance risks into its valuation techniques leading to non-material impact on derivative valuation resulting from credit or debit margin adjustments made on counterparts with who financial market transactions are contracted.

The method of recognizing the resulting gains or losses depends on whether the derivative financial instrument is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates derivative financial instruments as either cash flow hedges, fair value hedges or net investment hedges.

The Group documents at inception of the transaction the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedging transaction. The Group updates this assessment when required for example when the hedge ratio is rebalanced or when the analysis of sources of hedge ineffectiveness is updated.

The full fair value of a hedging derivative financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments embedded in financial liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative financial instrument are not closely related, a separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument, and the combined instrument is not measured at fair value through profit or loss.

3.19.1 Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income/Financial expenses".

When option contracts are used to hedge a firm commitment or forecast transaction, the group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in other comprehensive income. The changes in the time value of the options that relate to the hedged item ('aligned time value') are also recognized within OCI. These will be moved to the income statement (financial income/expenses) when the hedged transaction affects the P&L (in case of transaction related hedges) or over the period of the hedge (in case of time-period related hedges).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in OCI. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized in the income statement (financial income/expenses).

Gains or losses relating to the effective portion of the change in intrinsic value of the options or relating to the effective portion of the change in the spot component of the forward contracts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss on the same line of the income statement where the designated hedged item affects profit or loss. However if the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative financial instrument that had previously been recognized in other comprehensive income are included in the initial measurement of the asset or liability.

When hedging with forwards and financial instruments with foreign currency basis spreads, the Group decides on a

hedging-relationship-by-hedging-relationship basis to account for the changes in the currency basis spread by applying either the same accounting as for the time value of options or by recognizing these changes in value in the income statement (financial income/expenses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast transaction occurs, resulting in the recognition of a non-financial asset or liability. When the forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in other comprehensive income are immediately reclassified to the income statement (financial income/expenses).

3.19.2 Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in the income statement under "Financial income/Financial expenses", together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.19.3 Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the cumulative translation adjustments reserve; the gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Financial income/Financial expenses". Gains and losses accumulated in equity are recycled to the income statement when the foreign operation is partially disposed of or sold.

3.19.4 Derivative financial instruments that do not qualify for hedge accounting

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "Financial income/Financial expenses".

3.20 Inventories

Raw materials, consumables, goods purchased for resale, work in progress and finished goods are valued at the lower of cost and net realizable value.

Cost is determined using the weighted average cost method. The cost of work in progress and finished goods comprises all the costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The conversion costs include the cost of production and the related fixed and variable production overhead costs (including depreciation charges).

Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Clinical trial materials are active substances and development supplies that are used in R&D activities. As these are not used to be sold in the ordinary course of business, these do not meet the definition of inventory. However these are presented as other current assets in the statement of financial position as the clinical trial materials meet the definition of an asset as it is probable they will result in future economic benefits flowing to the Group and as their cost or value can be measured reliably.

3.21 Trade receivables

Trade receivables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest rate method, less provision for expected credit losses.

For determining the expected credit losses, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognized from initial recognition of the receivables. The Group identified 2 categories of trade receivables: receivables on private customers and receivables on public sector customers. For each of these categories, the Group makes use of a provision matrix in order to determine lifetime expected credit losses.

In case there is an indication or evidence of impairment for a specific receivable, this receivable will be impaired for the amount of lifetime expected credit losses.

For all receivables that are covered by a credit insurance or by a factoring agreement without recourse, the lifetime expected credit losses will be calculated taking into account this cover.

3.22 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.23 Non-current assets (or disposal groups) held for sale and discontinued operations

A discontinued operation is a component of the company that either has been disposed of, or that is classified as held for sale. It must either: represent a major separate line of business or geographical area of operations; be part of a single coordinated disposal plan; or be a subsidiary acquired exclusively with a view to resale.

Non-current assets or a disposal group are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Impairment losses upon initial classification as held for sale are recognized in the income statement. Non-current assets classified as held for sale are neither depreciated nor amortized.

3.24 Share capital

3.24.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company did not issue any preference or mandatory redeemable preference shares.

3.24.2 Treasury shares

When any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including attributable direct costs (net of income taxes) is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or sold. Where such shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

3.25 Bonds and borrowings

Bonds, borrowings and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group accounting policy.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.26 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

3.27 Employee benefits

3.27.1 Pension obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions in the event that the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The defined benefit obligation is calculated by independent actuaries using the Projected Unit Credit Method. A full actuarial valuation based on updated personnel information is performed at least every three years. Additionally, if the net fluctuation recognized on the statement of financial position is more than 10% from one year to the next due to plan circumstances (significant membership changes, modification to plan, etc.), a full actuarial valuation is also required. For years where a full actuarial valuation is not required, projections (known as "roll-forwards") from the previous year with updated assumptions (discount rate, salary increase, turnover) is used. For these "roll-forward" valuations, the individual employee data from the last full valuation date are used taking into account assumptions for salary increases and possibly turnover.

All valuations measure liabilities at the applicable statement of financial position date and the market value of retirement plan assets are also reported at this date regardless of whether a full or a "roll-forward" valuation is performed.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields on high quality corporate bonds that have maturity dates approximating the terms of the related Group obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service cost is recognized in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in the line item "employee benefits expense" in its consolidated income statement (by nature of expenses aggregation). Net-interest expense or income is presented as part of the Operating profit. Curtailments gains and losses are accounted for as past-service cost. Remeasurements are recorded in other comprehensive income.

3.27.2 Other post-retirement employee benefits

Some Group companies provide post-retirement healthcare benefits to their retirees. The Group's net obligation is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The expected costs of these benefits are accrued over the period of employment using the same methodology used for defined benefit plans.

3.27.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the

employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

3.27.4 Other long-term employee benefits

The liabilities for jubilee premiums and long service awards are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using yields on high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

3.27.5 Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision when a reliable estimate of the obligation can be made as there is a past practice for bonus and profit-sharing payments that has created a constructive obligation.

3.27.6 Share-based payments

The Group operates several equity-settled and cash-settled share-based compensation plans.

The fair value of the employee services received in exchange for the grant of stock options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock options granted, excluding the impact of any service and non-market performance vesting conditions (for example profitability, remaining an employee of the entity over a specified time period).

Service and non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model which takes into account the expected life and cancellation rate of the options.

At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of the amount payable to employees in respect of share appreciation rights, phantom share option, share award and performance share plans, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each statement of financial position date and at settlement date.

Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

3.28 Provisions

Provisions are recognized in the statement of financial position when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

A restructuring provision is recognized when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental provisions are mainly resulting from legal contractual obligations. For more information about these environmental and other provisions we refer to Note 34.

4. Critical judgements and accounting estimates

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the group accounting policies

Revenue recognition

The Group is party to out-licensing agreements, which can involve upfront payments, development milestones, sales milestones and royalties that may occur over several years and involve certain future contract liabilities. For all out-licensing agreements whereby a license is transferred with other goods or services, the Group first makes an assessment about whether or not the license is to be considered as a distinct performance obligation or not. If the transfer of the license is considered to be a separate performance obligation, revenue relating to the transfer of the license is recognized at a point in time or over time depending on the nature of the license. Revenues are only recognized over time if the Group is performing development, manufacturing or other activities that could significantly affect the IP transferred, hereby exposing the licensee to the effects of these activities when these activities do not represent a separate service. If the Group assesses that these conditions are not fulfilled, revenue resulting from out-licensing agreements is recognized at the moment control over the license is transferred.

If revenues are recognized over time and in case the input method is assessed as the best method to reflect the transfer of control of the service to the customer, some judgement may be required in applying this method especially in estimating the total costs and hours to be incurred. In this case the Group uses its best estimate based on past experience and actual knowledge and progress of the service to be provided. Estimates are reassessed on a continuous basis. Seen the activities of the Group, in most cases, the input method provides the most faithful depiction of the transfer of the service to the customer.

For licenses that are bundled with other services (e.g. development or manufacturing services) the Group will apply judgment to assess whether the combined performance obligation is satisfied at a point in time or over time. If revenue is recognized over time, the Group will apply judgment in determining the period over which the services are provided. The Group will also apply judgment when allocating the components of the transaction price to the different performance obligations in case the out-licensing agreement includes other performance obligations in addition to the transfer of the license.

Revenue recognition for out-licensing agreements is therefore based on the specific conditions of each out-licensing agreement. This might result in cash receipts being initially recognized as contract liabilities and then released to revenue in subsequent accounting periods based on the different conditions specified in the agreement.

Discontinued operations

Operations that are classified as held for sale or have been disposed of, are presented as discontinued operations in the consolidated income statement when the operations represent a major separate line of business or geographical area of operations, are part of a single coordinated disposal plan or represent a subsidiary acquired exclusively with a view to resale. The assessment on what is a major separate line of business is done on a case by case basis and depends on the size of the operations in terms of revenues, gross profit or total value of assets and liabilities compared to the total operations of the Group.

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

4.2 Critical accounting estimates and assumptions

The preparation of the financial statements in conformity with IFRS as adopted for use by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Management bases its estimates on historical experience and various other assumptions that are reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results will by definition not equal those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary.

4.2.1 Sales allowances

The Group has accruals for expected sales returns, chargebacks and other rebates, including the U.S. Medicaid Drug Rebate program and the U.S. Federal Medicare program, and similar rebates in other countries. Such estimates are based on analyses of existing contractual obligations or legislation, historical trends and the Group experience. After assessment of the Management, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations. As these deductions are based on management estimates, the actual deductions might differ from these estimates.

Such differences could impact the accruals recognized in the statement of the financial position in future periods and consequently the level of sales recognized in the income statement in future period, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales allowances. In general, the discounts, rebates and other deductions shown on the invoice are accounted for as an immediate deduction from gross sales in the income statement. The sales returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of the financial position in the appropriate accrual account and deducted from sales.

All sales allowances are considered as being part of the variable consideration included in the transaction price. The amount of variable consideration included in the transaction price is determined so that the total transaction price is the price estimated by management as not being constrained.

4.2.2 Intangible assets and goodwill

The Group has intangible assets with a carrying amount of € 3 159 million (Note 20) and goodwill with a carrying amount of € 5 173 million (Note 21). Intangible assets are amortized over their useful lives on a straight-line basis as from the moment they are available for use (i.e. when related products are launched for sale).

Management estimates that the useful life for acquired in-progress R&D compounds equates to the period these compounds benefit from patent protection or data exclusivity. For the intangible assets acquired through a business combination and which comprises compounds that are marketed but for which no patent protection or data exclusivity exists, management estimates that the useful life equates to the period in which these compounds will realize substantially all the cash contributions.

These intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. The intangible assets that are not yet available for use and goodwill are subject to at least annual impairment testing.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows.

Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

The Group applied the following key assumptions for the "value in use" calculations required for the impairment testing of intangible assets and goodwill at year-end:

Growth rate for terminal value	2.0%
Discount rate in respect of goodwill and Intangibles related to marketed products	6.05%

Since the cash flows also take into account tax expenses, a post-tax discount rate is used in the impairment testing.

Management estimates that the use of the post-tax discount rate approximates the results of using a pre-tax rate applied to pre-tax cash flows.

4.2.3 Environmental provisions

The Group has provisions for environmental remediation costs, which are disclosed in Note 34. The most significant elements of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat contamination at certain other sites, mainly related to the discontinued chemical and films activities of the Group.

Future remediation expenses are affected by a number of uncertainties that include, amongst others, the detection of previously unknown contaminated sites, the method and extent of remediation, the percentage of waste attributable to the Group, and the financial capabilities of the other potentially responsible parties. Given the inherent difficulties in estimating the liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts currently accrued. The effect of resolution of environmental matters on results of operations cannot be predicted due to uncertainty concerning both the amount and timing of future expenditures and the results of future operations. Such changes that arise could impact the provisions recognized in the statement of the financial position in the future.

4.2.4 Employee benefits

The Group currently has many defined benefit plans, which are disclosed in Note 33. The calculation of the assets or liabilities related to these plans is based upon statistical and actuarial assumptions. This is in particular the case for the present value of the defined benefit obligation which is impacted by assumptions on discount rates used to arrive at the present value of future pension liabilities, and assumptions on future increases in salaries and benefits.

Furthermore, the Group uses statistically-based assumptions covering areas such as future withdrawals of participants from the plans and estimates of life expectancy. The actuarial assumptions used might differ materially from actual results due to changes in market and economic conditions, higher or lower employee turnover, longer or shorter life spans of participants, and other changes in the factors being assessed.

These differences could impact the assets or liabilities recognized in the statement of financial position in future periods.

4.2.5 Tax positions

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. The Group engages constructively with the tax authorities. Where appropriate, we engage advisors and legal counsel to obtain opinions on tax legislation and principles. The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. The Group judges these positions on their technical merits and this on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate).

A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities and after using all legal remedies of defending the position before Court, based on all relevant information. The liability is calculated taking into account the most likely outcome for corporate income tax related matters or the expected value for corporate income tax and transfer pricing matters, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognized upon examination. These

estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes.

An asset for tax audit adjustments is recorded when the Group considers it probable, based on the technical merits of the tax case, that a Mutual Agreement or Arbitration Procedure may provide for relief in one or more jurisdictions. The asset is calculated as the expected value (as relating to transfer pricing matters) of the recoverability in corporate income taxes in the concerning jurisdiction upon completion of the Mutual Agreement or Arbitration procedure.

The Group has recognized net deferred tax assets of € 501 million (Note 32). The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses or carry-forward tax attributes (such as innovation income deduction), the availability of sufficient forecasted taxable profits to offset against the tax attributes is also considered.

Significant items on which management has exercised judgement include recognition on the statement of financial position of deferred tax assets relating to losses in jurisdictions where losses have been made in prior periods but where profits now arise or are forecast to do so for the foreseeable future. Management has used its best estimate of the correct value of asset to recognize in such cases, which includes a judgment on the length of the future time period to use in such assessments. These judgments are made on a case by case basis taking into account the origin and nature of the expected revenues, based on the functional profiles of the concerning entities and on an entity-by-entity basis, but this time period in most cases does not exceed five years.

Differences in forecasted taxable profits and actual profitability or a downgrade in future forecasted taxable profits could impact the deferred tax assets recognized in future periods.

No material deferred tax assets are recognized for entities that are currently still lossmaking or not using their tax attributes.

Given the international tax reform developments, Management is assessing the impact of the pending international OECD tax reform ('Tax Challenges arising from the Digitalization of the Economy') on recognition and measurement of deferred tax assets. Given lack of enactment in the countries where UCB operates, this currently does not generate any impact.

4.2.6 Valuation of intangibles and related deferred taxes acquired in business combination

Assets that have been identified as a result of a business combination are valued incorporating the concept of highest and best use in accordance with IFRS 13, Fair Value Measurement and IFRS 3, Business Combinations from the viewpoint of a market participant.

In order to value the existing In-Process Research & Development (IPR&D) assets as of the effective date of the business combination, the multi-period excess earnings method is used which is a variation of the income approach that estimates an intangible asset's value based on the present value of the incremental after-tax cash flows (or "excess earnings") attributable only to the intangible asset. As a basis for this valuation, management-prepared prospective financial information is used for the prospective earnings associated with the IPR&D. Specifically, this prospective financial information relates to revenues, cost of goods sold, R&D expenses, distribution, sales and marketing expenses, general and administrative costs and Probability of Technical and Regulatory Success (PTRS) specific to the IPR&D assets. The determination of these PTRS is based on benchmarks and internal analysis.

Other assumptions relate to income tax rate and tax amortization benefit, useful life and discount rate. The fair value of the IPR&D assets is considered amortizable for income tax purposes from the viewpoint of a market participant. The present value of the tax benefit from amortization of the assets is added to the present value of the incremental after-tax cash flows to arrive at the indicated value of the IPR&D assets. The magnitude of the discount rate applied to the projected cash flows is related to the current capital costs. The discount rate utilized represents an estimate of the Weighted Average Cost of Capital.

All prospective financial information, PTRS and other assumptions are assessed on a case by case basis taking into account all specific circumstances.

Actual outcomes could vary significantly from such assumptions and could impact the value of the intangibles and related deferred taxes in future periods. An impairment test is performed at least once a year and whenever there is an indication that an impairment might exist. See also Note 4.2.2 Intangible assets and goodwill.

4.2.7 Assessment of control over an investment in case more than 50% of the shares are held by non-controlling interests.

In order to assess whether or not UCB has control over an investment in case more than 50% of the shares are held by non-controlling interests, any contractual arrangement between UCB and the investment is considered as well as the design and the purpose of investment, the power to direct the relevant activities of the investment, the contractual sharing of risk as well as the power of UCB compared to the non-controlling interests to affect the returns of the investment.

5. Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities.

These financial risks mainly include market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

This note presents information about the Group exposure and management of the above-mentioned risks and the Group management of capital.

5.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group income statement or the value of its assets and liabilities. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities or holds financial assets in order to manage market risk. Where possible, the Group seeks to apply hedge accounting in order to manage volatility in the income statement. It is the Group policy and practice not to enter into derivative transactions for speculative purposes.

5.1.1 Foreign exchange risk

The Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in euro. The Group actively monitors its currency exposures, and when appropriate, enters into transactions with the aim of preserving the value of existing assets and liabilities, as well as anticipated transactions. The Group uses forward contracts, foreign exchange options and cross-currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

The instruments purchased to hedge transactional exposure are primarily denominated in U.S. Dollar, British Pound, Japanese Yen and Swiss Franc, the currencies where the Group has its most important exposures. The Group's financial risk management policy is to hedge for the impact from the translation of foreign currency assets and liabilities into the functional currency of the relevant group subsidiaries, as well as the impact of currency fluctuations on the Group's anticipated net foreign currency cash flows for a period of a minimum of 6, and maximum 26 months.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The effect of translational exposure arising from the consolidation of the foreign currency denominated financial statements of the Group foreign subsidiaries as well as from assimilated net foreign investment positions and net investment hedges is shown as a cumulative translation adjustment in the Group consolidated statement of changes in equity.

5.1.2 Effect of currency fluctuations

At December 31, 2021, if the euro had strengthened or weakened by 10% against the following currencies with all other variables being held constant, the impact on equity and post-tax profit for the year, based on the outstanding currency balances and hedge instruments at that date, would have been as follows:

December 31, 2021 € million	Change in rate Strengthening/ weakening (-) euro	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	**+10%**	**111**	**7**
	-10%	-136	-9
GBP	**+10%**	**-9**	**2**
	-10%	11	-3
CHF	**+10%**	**-73**	**5**
	-10%	89	-6
JPY	**+10%**	**24**	**0**
	-10%	-29	-1

December 31, 2020 € million	Change in rate Strengthening/ weakening (-) euro	Impact on equity: Loss (-)/gain	Impact on income statement: Loss (-)/gain
USD	**+10%**	**135**	**39**
	-10%	-165	-48
GBP	**+10%**	**-11**	**0**
	-10%	13	-1
CHF	**+10%**	**-57**	**1**
	-10%	69	-2
JPY	**+10%**	**10**	**1**
	-10%	-13	-1

5.1.3 Interest rate risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they can affect the market value of certain financial assets, liabilities and instruments as described in the following section on market risk of financial assets. The interest rates on the Group's major debt instruments are both fixed and floating, as described in Notes 29 and 30. The Group uses interest rate derivatives to manage its interest rate risk, as described in Note 39.

The Group designates derivative financial instruments (interest rate swaps) as hedging instruments, under fair value hedges, to fixed rate financial assets and liabilities. Both the derivative financial instrument and the hedged item are accounted for at fair value through profit or loss.

In 2021, changes in fair value resulting from interest rate derivatives designated to the floating rate liabilities of the Group have been accounted for through equity under IFRS 9.

5.1.4 Effect of interest rate fluctuations

A 100 basis points increase in interest rates at the statement of financial position date would have increased equity by € 5 million (2020: € 10 million); a 100 basis points decrease in interest rates would have decreased equity by € 5 million (2020: € 11 million).

A 100 basis points increase or decrease in interest rates at the statement of financial position date would have no impact on profit and loss (2020: € 0 million).

All interest rate hedges are either designated as cash flow hedges or fair value hedges under IFRS9 and therefore, except for minimal hedge inefficiency, the result of a change in the interest rate curve is accounted for through equity, respectively offset by the revaluation through P&L of the hedged item.

These concern all pre-tax calculations.

5.1.5 Other market price risk

Changes in the market value of certain financial assets and derivative financial instruments can affect the income or the financial position of the Group. Financial long-term assets, if any, are held for contractual purposes, and marketable securities, if any, are mainly held for regulatory purposes. The risk of loss in value is managed by reviews prior to investing and continuous monitoring of the performance of investments and changes in their risk profile. Investments in equities, bonds, debentures and other fixed income instruments are entered into on the basis of guidelines with regard to liquidity and credit rating.

Amounts subject to market price risk are rather immaterial and therefore the impact on equity or the income statement of a reasonable change of this market price risk is assumed to be negligible.

Similar to 2020, during 2021 the Group traded on treasury shares, which were accounted for through equity.

5.2 Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Group. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, on-going credit evaluation and account monitoring procedures. There are certain concentrations within trade receivables of counterparty credit risk, particularly in the U.S., due to the sales via wholesalers (Note 25).

For some credit exposures in critical countries, such as certain Southern European countries, the Group has obtained credit insurance.

In the U.S., the Group entered into a trade receivable financing agreement that qualifies for derecognition. According to the terms and conditions of the agreement UCB does not retain any non-payment or further late payment risk relating to the transferred trade receivables.

The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposure to high quality counterparties, regular reviews of credit ratings, and setting defined limits for each individual counterparty. The criteria set by Group Treasury for their investment policy are based on generally considered high quality long-term credit ratings and 5 years Credit Default Swap rate.

Where appropriate to reduce exposure, netting agreements under an ISDA (International Swaps and Derivatives Association) master agreement are signed with the respective counterparties. The maximum exposure to credit risk resulting from financial activities, without considering netting agreements, is equal to the carrying amount of financial assets plus the positive fair value of derivative instruments.

5.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation.

The Group maintains sufficient reserves of cash and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the Group has certain unutilized revolving committed facilities at its disposal.

At the statement of financial position date, the Group had the following sources of liquidity available:

- cash and cash equivalents (Note 26): € 1 263 million (2020: € 1 336 million)
- unutilized credit facilities and undrawn available amount under finance contract (Note 29): € 38 million (2020: € 47 million), linear digressive since 2016 until 2025
- unutilized revolving credit facilities (Note 29): € 1 billion (2020: € 1 billion); the existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2025 was undrawn per end 2021

The table below analyses the contractual maturities of the Group financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date, excluding the impact of netting. The amounts mentioned below with respect to the financial derivatives are indicative of the contractual undiscounted cash flows.

December 31, 2021 € million	Note	**Total**	Contractual cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank Borrowings and other long term loans	29	**1 152**	1 152	- 1	- 2	1 155	0
Debentures and other short term loans	29	**0**	0	0	0	0	0
Lease liabilities	29	**136**	145	38	28	33	46
Institutional Eurobond maturing in 2028	30	**487**	535	5	5	15	510
Private Placement maturing in 2027	30	**147**	161	2	2	5	152
Retail bond maturing in 2023	30	**182**	194	9	185	0	0
Institutional Eurobond maturing in 2022	30	**0**	0	0	0	0	0
Institutional Eurobond maturing in 2021	30	**0**	0	0	0	0	0
Trade and other liabilities	35	**2 641**	2 641	2 555	8	73	5
Bank overdrafts	29	**20**	20	20	0	0	0
Interest rate swaps		**20**	20	6	6	6	2
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow		**4 213**	4 213	4 213	0	0	0
Inflow		**4 128**	4 128	4 128	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow		**1 145**	1 145	1 145	0	0	0
Inflow		**1 185**	1 185	1 185	0	0	0

December 31, 2020 € million	Note	Total	Contractual cash flow	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank Borrowings and other long term loans	29	**1 567**	1 567	13	0	1 554	0
Debentures and other short term loans	29	**0**	0	0	0	0	0
Lease liabilities	29	**110**	126	35	27	33	31
Private Placement maturing in 2027	30	**150**	162	2	2	5	153
Retail bond maturing in 2023	30	**186**	203	9	9	185	0
Institutional Eurobond maturing in 2022	30	**351**	364	7	7	350	0
Institutional Eurobond maturing in 2021	30	**350**	364	14	350	0	0
Retail bond maturing in 2020	30	**0**	0	0	0	0	0
Trade and other liabilities	35	**2 229**	2 229	2 138	12	71	8
Bank overdrafts	29	**33**	33	33	0	0	0
Interest rate swaps		**20**	20	11	5	4	0
Forward exchange contracts and other derivative financial instruments used for hedging purposes							
Outflow		**2 924**	2 924	2 924	0	0	0
Inflow		**2 998**	2 998	2 998	0	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit and loss							
Outflow		**1 623**	1 623	1 623	0	0	0
Inflow		**1 583**	1 583	1 583	0	0	0

5.4 Capital risk management

The Group policy with respect to managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to patients and to reduce the Group external debt further, in order to obtain a capital structure that is consistent with others in the industry.

€ million	Note	2021	2020
Total borrowings	29	1 307	1 710
Bonds	30	816	1 037
Less: cash and cash equivalents, available for sale debt securities and cash collateral related to the financial lease obligation	23, 26	-1 263	-1 336
Net debt		860	1 411
Total equity		8 386	7 272
Total financial capital		9 246	8 683
Gearing ratio		**9%**	**16%**

5.5 Fair value estimation

The fair value of financial instruments traded in active markets (such as financial assets at fair value through OCI) is based on quoted market prices at the statement of financial position date.

The fair value of financial instruments that are not traded in an active market is determined by using established valuation techniques such as option pricing models and estimated discounted values of cash flows. The Group uses a variety of methods and makes assumptions that are based on market conditions and the credit and the non-performance risks existing at each statement of financial position date.

Quoted market prices are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of the forward exchange contract is determined using discounted value of the exchanged amounts in currencies, converted at the prevailing spot rate at the statement of financial position date.

The carrying amount less impairment provision of trade receivables and trade payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments.

5.5.1 Fair value hierarchy

IFRS 7 requires disclosure of fair value measurements by level of the following hierarchy:

- **Level 1**: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All fair value measurements disclosed are recurring.

5.5.2 Financial assets measured at fair value

December 31, 2021

€ million	Note	Level 1	Level 2	Level 3	**Total**
Financial assets					
Financial assets at FVOCI	23				
Quoted equity securities		179	0	0	179
Quoted debt securities		0	0	0	0
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	11	0	11
Forward exchange contracts – fair value through profit and loss		0	50	0	50
Interest rate derivatives – cash flow hedges		0	1	0	1
Interest rate derivatives – fair value through profit and loss		0	8	0	8
Other financial assets excluding derivatives	23				

December 31, 2021

€ million	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI	23				
Quoted equity securities		115	0	0	115
Quoted debt securities		0	0	0	0
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	86	0	86
Forward exchange contracts – fair value through profit and loss		0	37	0	37
Interest rate derivatives – cash flow hedges		0	0	0	0
Interest rate derivatives – fair value through profit and loss		0	15	0	15
Other financial assets excluding derivatives	23				

5.5.3 Financial liabilities measured at fair value

December 31, 2021

€ million	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	69	0	69
Forward exchange contracts – fair value through profit and loss		0	29	0	29
Interest rate derivatives – cash flow hedges		0	0	0	0
Interest rate derivatives – fair value through profit and loss		0	12	0	12
Other financial assets excluding derivatives	31				
Warrants		0	0	0	0

December 31, 2020

€ million	Note	Level 1	Level 2	Level 3	Total
Financial liabilities					
Derivative financial assets	39				
Forward foreign exchange contracts – cash flow hedges		0	0	0	0
Forward exchange contracts – fair value through profit and loss		0	81	0	81
Interest rate derivatives – cash flow hedges		0	4	0	4
Interest rate derivatives – fair value through profit and loss		0	0	0	0
Other financial assets excluding derivatives	31				
Warrants		0	0	0	0

During the reporting period ending December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Fair value measurements categorized within Level 2 of the fair value hierarchy are calculated using either the "Discounted cash flow" or the "Black-Scholes" method (for FX options only) and market data publicly available.

The fair value of the warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. As per December 31, 2021, all amounts were paid and the value has been reduced to zero. The change in fair value, recognized in profit and loss, amounts to € 0 million (2020 € 1 million) and is accounted for in other financial expenses (Note 17).

The following table presents the changes in Level 3 instruments:

€ million	Warrants	Total
January 1, 2020	**29**	**29**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	- 30	- 30
Effect of changes in fair value recognized in profit and loss	1	1
Effect of movements in exchange rates	0	0
December 31, 2020	**0**	**0**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	0	0
Effect of changes in fair value recognized in profit and loss	0	0
Effect of movements in exchange rates	0	0
December 31, 2021	**0**	**0**

5.6 Offsetting financial assets and financial liabilities

While the Group has amounts subject to an enforceable master netting arrangement or similar agreements, financial assets and financial liabilities are reported gross on the statement of financial position as the requirements are not met to report them net. The reconciliations below depict the amounts subject to an enforceable master netting arrangement or similar agreement that have not been netted on the statement of financial position.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

		Related amounts not set off in the statement of financial position		
December 31, 2021 € million	Gross financial assets in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	71	47	0	24
Other	0	0	0	0
Total	**71**	**47**	**0**	**24**

		Related amounts not set off in the statement of financial position		
December 31, 2021 € million	Gross financial liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	111	47	0	64
Other	0	0	0	0
Total	**111**	**47**	**0**	**64**

ISDA master agreements (International Swaps and Derivatives Association) have been signed with the respective counterparties allowing offsetting of financial assets and liabilities.

This is applicable to the fair value settlement in case of default, but it is not applicable at the closing date December 31, 2021.

The tables below show financial assets and liabilities subject to enforceable master netting arrangements:

		Related amounts not set off in the statement of financial position		
December 31, 2020 € million	Gross financial assets in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	138	57	0	81
Other	0	0	0	0
Total	**138**	**57**	**0**	**81**

		Related amounts not set off in the statement of financial position		
December 31, 2020 € million	Gross financial liabilities in the statement of financial position	Financial instruments	Cash collateral received	Net amounts
Derivatives	89	57	0	32
Other	0	0	0	0
Total	**89**	**57**	**0**	**32**

6. Segment reporting

The Group's activities are in one segment, Biopharmaceuticals.

There are no other significant classes of business, either singularly or in aggregate. The Chief Operating Decision Makers, that being the Executive Committee, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis, therefore UCB operates as one segment.

Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below.

6.1 Product sales information

Net sales consist of the following:

€ million	2021	2020
CIMZIA®	1 841	1 799
VIMPAT®	1 549	1 451
KEPPRA® (including KEPPRA® XR/E KEPPRA®)	970	788
BRIVIACT®	355	288
NEUPRO®	307	311
ZYRTEC® (including ZYRTEC-D®/CIRRUS®)	83	75
XYZAL®	56	74
NAYZILAM®	57	26
EVENITY®	10	2
BIMZELX®	4	0
Other products	182	209
Designated hedges reclassified to net sales	57	29
Total net sales	**5 471**	**5 052**

6.2 Geographic information

The table below shows net sales in each geographic market in which customers are located:

€ million	2021	2020
U.S.	2 888	2 759
Japan	561	379
Germany	335	339
Europe – other (excluding Belgium)	331	330
Spain	202	192
France (including French territories)	172	164
Italy	159	154
U.K. and Ireland	150	148
China	140	108
Belgium	47	47
Other countries	429	403
Designated hedges reclassified to net sales	57	29
Total net sales	**5 471**	**5 052**

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located:

€ million	2021	2020
Belgium	609	434
Switzerland	259	262
U.K. and Ireland	184	163
U.S.	131	80
Japan	25	24
China	23	23
Germany	21	22
Other countries	23	27
Total	**1 275**	**1 035**

6.3 Information about major customers

UCB has 3 customers which individually account for more than 10% of the total net sales for 2021 and 2020:

- Mckesson, U.S. for which net sales 2021 amount to € 890 million (16% of total net sales) (2020: € 803 million, 16% of net sales)
- Cardinal Health, U.S. for which net sales 2021 amount to € 753 million (14% of total net sales) (2020: € 674 million, 13% of net sales)
- Amerisourcebergen Corp, U.S. for which net sales 2021 amount to € 660 million (12% of total net sales) (2020: € 617 million, 12% of net sales)

7. Revenue from contracts with customers

The Group has recognized the following amounts relating to revenue in the consolidated income statement:

€ million	2021	2020
Revenue from contracts with customers	5 748	5 327
Revenue from agreements whereby risks and rewards are shared	29	20
Total revenue	**5 777**	5 347

7.1 Disaggregation of revenue from contracts with customers

	Actual		Timing of revenue recognition			
			2021		2020	
€ million	2021	2020	At a point in time	Over time	At a point in time	Over time
Net sales U.S.	**2 888**	**2 759**	**2 888**	**0**	**2 759**	**0**
CIMZIA®	**1 183**	1 174	1 183	0	1 174	0
VIMPAT®	**1 130**	1 072	1 130	0	1 072	0
KEPPRA®	**156**	167	156	0	167	0
BRIVIACT®	**267**	220	267	0	220	0
NEUPRO®	**95**	98	95	0	98	0
NAYZILAM®	**57**	26	57	0	26	0
Established brands/other products	**0**	1	0	0	1	0
Net sales Europe	**1 396**	**1 374**	**1 396**	**0**	**1 374**	**0**
CIMZIA®	**420**	431	420	0	431	0
KEPPRA®	**218**	223	218	0	223	0
VIMPAT®	**294**	263	294	0	263	0
NEUPRO®	**167**	168	167	0	168	0
BRIVIACT®	**77**	60	77	0	60	0
EVENITY®	**10**	2	10	0	2	0
BIMZELX®	**4**	0	4	0	0	0
Established brands/other products	**206**	226	206	0	226	0
Net sales international markets	**1 130**	**889**	**1 130**	**0**	**889**	**0**
KEPPRA®	**597**	398	597	0	398	0
CIMZIA®	**238**	194	238	0	194	0
VIMPAT®	**124**	115	124	0	115	0
NEUPRO®	**45**	45	45	0	45	0
BRIVIACT®	**11**	8	11	0	8	0
NAYZILAM®	**0**	0	0	0	0	0
EVENITY®	**0**	0	0	0	0	0
Established brands/other products	**115**	129	115	0	129	0
Net sales before hedging	**5 414**	**5 023**	**5 414**	**0**	**5 023**	**0**
Designated hedges reclassified to net sales	**57**	29	57	0	29	0
Total net sales	**5 471**	**5 052**	**5 471**	**0**	**5 052**	**0**
Royalty income and fees	**79**	**96**	**79**	**0**	**96**	**0**
Contract manufacturing revenues	**128**	152	128	0	152	0
Income from licensing deals (upfront payments, development milestones, sales milestones)	**60**	20	44	16	10	10
Revenue resulting from services and other deliveries	**10**	7	5	5	2	5
Total other revenue	**198**	**179**	**177**	**21**	**164**	**15**
Total revenue from contracts with customers	**5 748**	**5 327**	**5 727**	**21**	**5 311**	**16**

7.2 Contract assets and liabilities

The group has recognized the following revenue-related contract liabilities:

€ million	Note	2021	2020
Contract liabilities resulting from out-licensing agreements			
Non-current	35	0	2
Current	35	221	99
Contract liabilities resulting from other agreements		2	
Total revenue-related contract liabilities		**223**	**101**

The Group does not have any revenue-related contract assets.

Revenue-related contract liabilities mainly relate to unsatisfied performance obligations resulting from out-licensing agreements with Otsuka, Genentech and Novartis (see below). These liabilities have increased mainly because of the new development, license and commercialization agreement that was concluded during the year between UCB and Novartis Pharma AG.

The following table shows how much of the revenue recognized in the current reporting period was included in the contract liability balance at the beginning of the period and how much relates to performance obligations that were satisfied in previous periods.

€ million	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the period	**18**	**6**
Revenue resulting from other agreements	2	0
Revenue resulting from out-licensing agreements	16	6
Revenue recognized that relates to performance obligations that were satisfied in a prior year	**131**	**136**
Product sales	50	34
Revenue resulting from out-licensing agreements	81	102

The following table shows unsatisfied performance obligations resulting from out-licensing agreements:

€ million	Note	2021	2020
Aggregate amount of the transaction price allocated to development agreements that are partially or fully unsatisfied as at December 31	35	221	99
Upfront payments received for out-licensing agreements to be taken in revenue as performance obligations are satisfied over time	35	0	2
Unsatisfied performance obligations resulting from out-licensing agreements		**221**	**101**

Management expects that 18% of the transaction price allocated to the unsatisfied development agreements as of December 31, 2021 will be recognized as revenue during the next reporting period. 19% is assessed to be recognized during 2023 and the remaining 63% will be recognized in financial years 2024 till 2030. The amount disclosed above does not include variable consideration which is constrained. The performance obligations still to be satisfied concern development activities to be performed over the next years.

All other development, manufacturing or other service agreements are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied agreements is not disclosed.

No assets are recognized from costs to fulfill a contract.

8. Business combinations

As mentioned in the 2020 Integrated Annual Report, UCB had finalized the purchase price allocation for the acquisition of Ra Pharmaceuticals Inc., a U.S. clinical stage biopharma company based in Cambridge, Massachusetts, acquired by UCB on April 2, 2020 as well as for the acquisition of Engage Therapeutics Inc., a small, privately held U.S. company, acquired by UCB on June 5, 2020.

There were no changes to these purchase price allocations in 2021.

9. Discontinued operations and assets and liabilities of disposal group classified as held for sale

9.1 Discontinued operations

For 2021, the profit from discontinued operations amounts to € 3 million (0 million for 2020), and mainly relates to the reversal of unused amounts of the Tecumseh (U.S.) provision related to the Films business for € 4 million partially offset by additional costs for an environmental provision related to the legacy films and chemical activities in Belgium for € 1 million.

9.2 Assets and liabilities of disposal group classified as held for sale

Assets and liabilities of disposal group classified as held for sale as per December 31, 2021 relate to inventories following the divestment of non-core established brand products. As not all market authorizations have been transferred already to the buyer, UCB is still owner of the inventories for these divested non-core established brand products in some countries. No write-off has been accounted for on these inventories.

Assets of disposal group classified as held for sale as per December 31, 2020 also relate to inventories following the divestment of non-core established brand products.

10. Other revenues

€ million	2021	2020
Upfront payments, milestone payments and reimbursements	99	48
Contract manufacturing revenues	128	152
Total other revenue	**227**	**200**

During 2021, UCB received milestone payments and reimbursements from different parties, mainly:

- Chiesi for the sale of global exclusive rights of TG2-Zampilimab;
- Biogen for co-development of antibody *dapirolizumab pegol*;
- Roche and Genentech for the global development and commercialization of *Bepranemab*;

The revenue from contract manufacturing activities is mainly linked to the entering into toll manufacturing agreements after divestiture of established brands.

11. Operating expenses by nature

The table below illustrates certain items of expense recognized in the income statement using a classification based on their nature within the Group:

€ million	Note	2021	2020
Employee benefit expenses	12	1 523	1 316
Depreciation of property, plant and equipment	22	135	139
Amortization of intangible assets	20	188	215
Impairment of non-financial assets (net)	14	6	0
Total		**1 852**	**1 670**

12. Employee benefit expense

€ million	Note	2021	2020
Wages and salaries		1 081	904
Social security costs		141	136
Post-employment benefits – defined benefit plans	33	70	65
Post-employment benefits – defined contribution plans		25	46
Share-based payments to employees and directors	28	109	81
Insurance		38	31
Other employee benefits		59	53
Total employee benefit expense		**1 523**	**1 316**

The total employee benefit expense has been allocated along functional lines within the income statement.

Other employee benefits consist mainly of termination benefits, severance payments, and other long-term/ short-term disability benefits.

Headcount at December 31	2021	2020
Monthly paid	2 860	2 986
Management	5 755	5 423
Total	**8 615**	**8 409**

Further information regarding post-employment benefits and share-based payments can be found in Notes 28 and 33.

13. Other operating income/expenses

€ million	2021	2020
Provisions	- 3	- 15
Impairment trade receivable	- 2	- 4
Gain/Loss (-) on disposal of non-current assets	- 2	- 3
Reimbursement by third parties for development expenses	4	5
Grants received	18	18
Collaboration agreement for the development and commercialization of EVENITY®	151	96
Other income/expenses (-)	- 4	- 2
Total other operating income/expenses (-)	**162**	**95**

The result of the collaboration agreement with Amgen for the development and commercialization of EVENITY® amounted to € 151 million income (compared to € 96 million income in 2020). All recharges of development and commercialization expenses to/from Amgen are classified as other operating income/expenses. The equivalent total net recharges as per December 31, 2021 consisted of € 162 million marketing and selling income (€ 98 million in 2020) and € -11 million development expenses (€ -2 million in 2020).

The provisions are mainly related to VAT risks and grant recoverability risks .

14. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets resulted in the recognition of impairment losses on intangibles amounting to € 6 million due to the termination of projects (2020: € 0 million).

No impairment charges for Group property, plant and equipment were recognized in 2021 (2020: € 0 million).

On April 22, UCB announced its decision not to move forward with its immune-mediated necrotizing myopathy (IMNM) development program based on the initial results of a Phase 2a study investigating *zilucoplan* in IMNM as the results of this study indicate that *zilucoplan* is safe, but complement activation is not relevant in the disease biology of IMNM. An impairment assessment for *zilucoplan* has been made but as the carrying amount of the asset did not exceed its recoverable amount, management decided no impairment is required.

No reasonably possible change in a key assumption on which management has based its determination of the assets recoverable amounts would cause the assets carrying amount to exceed its recoverable amount.

15. Restructuring expenses

The restructuring expenses for the year ended December 31, 2021 amount to € 21 million (2020: € 20 million) and are related to new organization models and business discontinuation. Provisions for restructuring as defined in IAS 37.70 that are included, meet the criteria in IAS 37.72.

16. Other income/expenses

Total other income/expenses amounted to an expense of € 7 million (2020: expense of € 102 million) and is comprised of the following items:

- Loss on disposal: € 1 million in 2021 related to the sale of Alprostadil in Germany (€ 37 million gain in 2020). A gain of € 16 million was also recognized in 2020 related to the divestment of NIFEREX® (iron supplement) franchise in China.
- Other expenses: € 6 million in 2021, related mainly to the cumulative exchange differences on liquidation, the Distilbène provision and intellectual property fees (2020: € 155 million and mainly relate to the Ra Pharma acquisition fees (€ 95 million), the Distilbène provision and intellectual property fees).

17. Financial income and financial expenses

The net financial expenses for the year amounted to € 58 million (2020: € 93 million). The breakdown of the financial expenses and financial income is as follows:

Financial expenses

€ million	2021	2020
Interest expenses on:		
Retail bonds	- 18	- 18
Institutional Eurobonds	- 6	- 15
Other borrowings	- 18	- 31
Financial charges on leases	- 3	- 4
Net fair value losses on foreign exchange derivatives	0	- 31
Net foreign exchange losses	- 90	- 7
Net other financial income/expenses (-)	- 3	- 1
Total financial expenses	**- 138**	**- 107**

Financial income

€ million	2021	2020
Interest income on:		
Bank deposits	2	1
Interest rate derivatives	5	13
Net gain on interest rate derivatives	2	0
Net fair value gain on foreign exchange derivatives	71	0
Total financial income	**80**	**14**

The net other financial income/expenses include € 0 million expenses related to the changes in fair value of the warrants linked to the structured entity Edev Sàrl (€ -1 million in 2020) (Note 5.5.3).

18. Income tax expense (-)/credit

€ million	2021	2020
Current income taxes	- 192	- 198
Deferred income taxes	22	79
Total income tax expense (-)/credit	**- 170**	**- 119**

The Group operates internationally, implying being subject to income taxes in many different tax jurisdictions.

The income tax expense on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits (losses) of the consolidated companies.

Income taxes recognized in the income statement can be detailed as follows:

€ million	2021	2020
Profit before income taxes	1 226	880
Income tax expense (-) calculated at domestic tax rates applicable in the respective countries	**- 234**	**- 181**
Theoretical income tax rate	19%	21%
Reported current income tax	- 192	- 198
Reported deferred income tax	22	79
Total reported tax charge	**- 170**	**- 119**
Effective income tax rate	14%	13%
Difference between theoretical and reported tax	**64**	**62**
Expenses non-deductible for tax purposes	- 27	- 35
Non-taxable income	16	1
Increase (-)/decrease of liabilities for uncertain tax positions	0	- 3
Tax credits	91	108
Variation in tax rates	22	- 1
Current tax adjustments related to prior years	- 14	8
Deferred tax adjustments related to prior years	7	9
Net effect of previously unrecognized DTA and non-recognition of current year deferred tax assets	- 32	- 30
Withholding tax	- 3	1
Other taxes	6	6
Total difference between theoretical and reported income tax	**64**	**62**

The theoretical income tax rate is at 19% compared to 21% in previous year.

The effective tax rate of 14% is slightly above the prior year effective tax rate and stems from a current tax charge and a deferred tax credit. The key drivers for the rate can be summarized as follows:

Current Tax:

- The impact of predominantly R&D related tax incentives in key jurisdictions.
- The tax impact of prior year one-off IP (Intellectual Property) or legal entity reorganizations.

Deferred Tax:

- Increase to the tax rate in respect of deferred tax balance movements and carry-forward losses and innovation income deduction generated by UCB in the period for which no deferred tax asset could be recognized.
- Recognition of additional deferred tax assets on R&D tax credits which will be offset against future taxable income.

Factors affecting the tax charge in future years

The Group is aware of many factors that could impact the future effective tax rate of the Group, in particular the profit/losses mix between different territories in which the Group operates, the amount of unrecognized losses and other tax attributes that in future can be recognized as a deferred tax asset on the statement of financial position and the outcome of ongoing and future tax audits.

Corporate restructuring, acquisitions, disposals and other transactions may also impact the Group's future tax charge.

Changes to tax legislation in jurisdictions where the Group operates as well as the impact of international tax rules may also have a major impact. UCB is closely following up the discussions on the OECD's initiatives on the tax challenges arising from the digitalization of the economy that are likely to be enacted into local legislation by the end of 2022. There is also close monitoring of the U.S. tax reform initiatives (Build Back Better plan) given UCB's substantial revenue footprint in the U.S.

Next to the OECD and U.S. developments, UCB follows up closely on tax developments in the entire EU and in key jurisdictions with a substantial sales or R&D footprint, such as Belgium and the U.K.

19. Components of other comprehensive income (including NCI)[1]

€ million	January 1, 2020	Movements 2020 net of tax	December 31, 2020	Movements 2021 net of tax	December 31, 2021
Items of OCI[3] to be reclassified to profit or loss in subsequent periods:	**-45**	**-226**	**-271**	**199**	**-72**
Cumulative translation adjustments	-58	-314	-372	280	-92
Financial assets at FVOCI[2]	9	27	36	22	58
Cash flow hedges	4	61	65	-103	-38
Items of OCI not to be reclassified to profit or loss in subsequent periods:	**-306**	**-24**	**-330**	**87**	**-243**
Remeasurement of defined benefit obligation	-306	-24	-330	87	-243
Total other comprehensive income attributed to equity holders	**-351**	**-250**	**-601**	**286**	**-315**

1 NCI: non-controlling interest

2 FVOCI: Fair value through other comprehensive income

3 OCI: other comprehensive income

20. Intangible assets

2021 € million	Trademarks, patents and licenses	Other	**Total**
Gross carrying amount at January 1	**4 960**	**449**	**5 409**
Additions	148	22	170
Disposals	0	- 52	- 52
Business Combinations	0	0	0
FX on Business Combinations	0	0	0
Transfer from one heading to another	1	39	40
Effect of movements in exchange rates	250	3	253
Gross carrying amount at December 31	**5 359**	**461**	**5 820**
Accumulated amortization and impairment losses at January 1	**-2 138**	**- 298**	**-2 436**
Amortization charge for the year	- 152	- 36	- 188
Disposals	0	50	50
Impairment losses recognized in the income statement	- 6	0	- 6
Transfer from one heading to another	2	0	2
Effect of movements in exchange rates	- 82	- 1	- 83
Accumulated amortization and impairment losses at December 31	**-2 376**	**- 285**	**-2 661**
Net carrying amount at December 31	**2 983**	**176**	**3 159**

2020 € million	Trademarks, patents and licenses	Other	**Total**
Gross carrying amount at January 1	**2 760**	**397**	**3 157**
Additions	54	20	74
Disposals	- 6	- 5	- 11
Business Combinations	2 519	0	2 519
FX on Business Combinations	- 110	0	- 110
Transfer from one heading to another	0	40	40
Effect of movements in exchange rates	- 257	- 3	- 260
Gross carrying amount at December 31	**4 960**	**449**	**5 409**
Accumulated amortization and impairment losses at January 1	**-2 050**	**- 268**	**-2 318**
Amortization charge for the year	- 180	- 35	- 215
Disposals	3	3	6
Impairment losses recognized in the income statement	0	0	0
Transfer from one heading to another	0	0	0
Effect of movements in exchange rates	89	2	91
Accumulated amortization and impairment losses at December 31	**-2 138**	**- 298**	**-2 436**
Net carrying amount at December 31	**2 822**	**151**	**2 973**

The Group amortizes all intangible assets once they are placed in service. The amortization of intangible assets is allocated to cost of sales for all intangible assets that are related to compounds. The amortization charges related to software are allocated to the functions that use this software.

The majority of the Group intangible assets arose from previous acquisitions. During 2021, the Group acquired intangible assets totaling € 170 million (2020: € 74 million). These additions stem from in-licensing deals, software and capitalized eligible development costs and capitalization of external development expenses for post approval studies. Additionally, the Group capitalized € 20 million (2020: € 17 million) of software and eligible software development costs.

In 2020, UCB recognized intangibles assets of € 2 519 million from business combinations (refer to Note 8).

Disposals in 2021 mainly relate to old software not used anymore. For 2020, disposals were mainly in respect of the divestment of Alprostadil license.

During the year, the Group recognized total impairment charges of € 6 million (2020: € 0 million). The impairment charges are detailed in Note 14 and have been presented in the income statement under the caption "Impairment of non-financial assets".

The amortization charge for the period amounted to € 188 million (2020: € 215 million).

There was also a transfer of assets for € 42 million from property, plant and equipment to intangibles.

Furthermore there was an impact from translation of foreign currencies of € 170 million in 2021 (2020: € -169 million).

Other intangible assets are primarily comprised of software and in-process development projects. The in-process development project assets are not amortized until they are available for use (i.e. when related products are launched for sale) and transferred to the licenses caption.

21. Goodwill

€ million	2021	2020
Net book value at January 1	**4 964**	**5 059**
Acquisition	0	161
FX on acquisition	0	- 8
Effect of movements in exchange rates	209	- 248
Net book value at December 31	**5 173**	**4 964**

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. For the purpose of the impairment testing, the Group operates as one segment, Biopharmaceuticals, and has one single cash generating unit (CGU), which represents the lowest level at which the goodwill is monitored.

The recoverable amount of the CGU is determined based on the value-in-use calculations and the methodology applied for performing the impairment testing has not been modified compared to 2020.

Key assumptions

The calculations performed are based on the cash flow projections as derived from the financials underlying the 10-year strategic plan approved by management and Board of Directors. Given the nature of the industry, the long-term projections are used to fully model the appropriate product lifecycles based on the patent expiry and therapeutic area. These long-term projections, which are based on past performance and management's expectations of market developments, are adjusted for specific risks and include:

- the revenue growth rates of newly launched products;
- the probability of reaching commercial stage for new products and or indications;
- the probability of success of future product launches and the expected dates thereof;
- the post-patent expiry erosion.

The key assumptions, when comparing to 2020, were adapted taking into account the latest developments of the probabilities of success and the post-patent expiry erosion.

For the "value in use" calculations required for the impairment testing, a discount rate of 6.05 % was used.

Taking into account current market evolutions, the cash flows beyond the projected forecasted period (terminal value) are extrapolated using an estimated growth rate of 2%, compared to 2% in 2020. The growth rate does not exceed the long-term average growth rate for the relevant territories in which the CGU operates.

The Group has most of its revenue and expenses in EUR and USD based countries. The following important exchange rates were used in preparing the future cash flows:

	10-year projection	2020
USD	1.22 – 1.30	1.21 – 1.29
GBP	0.89 – 1.09	0.87 – 1.06
JPY	118 – 129	119 – 130
CHF	1.06 – 1.08	1.06 – 1.08

Starting from risk free short term LIBOR EUR 6 months and long term EU generic government bonds 20 years (2020: 20 years), the discount rate applied is determined based on the weighted average cost of capital for DCF models, including the 20 year (2020: 20 year) benchmark cost of debt and equity, adjusted to reflect the specific asset and country risks associated with the CGU. Given the industry, the Group used a discount rate of 6.05% (2020: 5.93%). The discount rate is reviewed at least annually.

Since after-tax cash flows are incorporated into the calculation of the value-in-use of the CGU, a post-tax discount rate is used in order to remain consistent.

The use of the post-tax discount rate approximates the result of using a pre-tax rate applied to pre-tax cash flows. A tax rate up to 20% was used (2020: 20%).

Sensitivity analysis

Based on the above, management assessed that no reasonable change in any of the key assumptions for the determination of the recoverable amount would cause the carrying value of the CGU to materially exceed its recoverable amount. For information purposes, the sensitivity analysis using a 0% perpetual growth rate combined with an overall discount rate below 18% would not result in an impairment of the goodwill.

22. Property, plant and equipment

2021 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**737**	**911**	**169**	**244**	**2 061**
Additions	49	24	21	292	386
Disposals	- 7	- 2	- 34	0	- 43
Transfer from one heading to another	21	51	9	- 123	- 42
Effect of movements in exchange rates	28	23	2	5	58
Gross carrying amount at December 31	**828**	**1 007**	**167**	**418**	**2 420**
Accumulated depreciation at January 1	**- 346**	**- 562**	**- 118**	**0**	**-1 026**
Depreciation charge for the year	- 43	- 64	- 28	0	- 135
Disposals	9	2	33	0	44
Effect of movements in exchange rates	- 10	- 16	- 2	0	- 28
Accumulated depreciation at December 31	**- 390**	**- 640**	**- 115**	**0**	**-1 145**
Net carrying amount at December 31	**438**	**367**	**52**	**418**	**1 275**

2020 € million	Land and buildings	Plant and machinery	Office, computer equipment, vehicles and other	Assets under construction	**Total**
Gross carrying amount at January 1	**608**	**854**	**166**	**152**	**1 780**
Additions	122	18	34	194	368
Business combinations	21	6	1	0	28
Disposals	- 13	- 1	- 30	- 1	- 45
Transfer from one heading to another	14	41	3	- 98	- 40
Effect of movements in exchange rates	- 15	- 7	- 5	- 3	- 30
Gross carrying amount at December 31	**737**	**911**	**169**	**244**	**2 061**
Accumulated depreciation at January 1	**- 320**	**- 499**	**- 121**	**0**	**- 940**
Depreciation charge for the year	- 44	- 66	- 29	0	- 139
Disposals	13	1	29	0	43
Business combinations	- 2	- 4	0	0	- 6
Effect of movements in exchange rates	7	6	3	0	16
Accumulated depreciation at December 31	**- 346**	**- 562**	**- 118**	**0**	**-1 026**
Net carrying amount at December 31	**391**	**349**	**51**	**244**	**1 035**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2021, the Group acquired property, plant and equipment totaling € 386 million (2020: € 368 million). These additions include right-of-use assets for € 63 million (2020: € 45 million), mainly related to renewal of building lease agreements in the U.S. € 126 million relate to Bioplant Braine site reported in assets under construction. Other additions relate to the revamping of the office environment, building facilities and IT hardware and other plan and equipment.

During the year, the Group did not recognize any impairment expenses (2020: impairment of € 0 million).

The depreciation charge for the year amounts to € 135 million (2020: € 139 million) and includes the depreciation on the right-of-use assets (€ 40 million).

Capitalized borrowing costs

No borrowing costs were capitalized during 2021 (2020: € 0 million).

23. Financial and other assets

23.1 Non-current financial and other assets

€ million	Note	2021	2020
Financial assets at FVOCI (excluding derivatives)	23.3	130	85
Cash deposits		16	12
Derivative financial instruments	39	9	15
Reimbursement rights with respect to German defined benefit plans		24	23
Other financial assets		22	25
Non-current financial and other assets		**201**	**160**

23.2 Current financial and other assets

€ million	Note	2021	2020
Clinical trial materials		163	156
Financial assets FVOCI (excluding derivatives)	23.3	49	30
Derivative financial instruments	39	61	124
Current financial and other assets		**273**	**310**

23.3 Financial assets at fair value through other comprehensive income (FVOCI) (excluding derivatives)

The current and non-current financial assets at FVOCI (excl. derivatives) comprise the following:

€ million	2021	2020
Equity Securities	179	115
Financial assets FVOCI (excluding derivatives)	**179**	**115**

The movement in the carrying values of the financial assets at FVOCI (excl. derivatives) is as follows:

€ million	2021 Equity securities	2020 Equity securities
At January 1	115	106
Additions	47	18
Disposals	- 1	- 27
Fair value gains/losses (-) going through OCI	18	14
Reclassification from associates (incl. fair value gain)	0	4
At December 31	**179**	**115**

For more information on the derivatives of which fair value movements are accounted for through OCI, we refer to Note 39.

For the financial assets that are valued at amortized cost, the carrying amount approximates the fair value.

The Group does not have any investments in debt instruments.

The equity securities mainly include investments in Heidelberg Pharma AG, Syndesi Therapeutics SA, ExeVir Bio BV and investments in UCB Ventures that have been classified as financial assets at FVOCI. These investments are measured at fair value. All fair value gains and losses are presented in OCI.

As at the end of 2021, UCB's stakes in Heidelberg Pharma AG, Syndesi Therapeutics SA and ExeVir Bio BV were 3.65%, 16.45% and 17.89% (on a fully diluted basis) (2020: 3.65%, 16.45%, and 16.52%) respectively. As UCB does not have significant influence in these companies, the equity investments are classified as financial assets at FVOCI.

The additions to financial assets at FVOCI in the year include € 19 million investments made in UCB Ventures, UCB's corporate venture fund as well as an additional € 4 million investment in ExeVir Bio BV. The fair value gains going through OCI mainly relate to the increase in value of UCB's venture fund investments.

The current financial assets at FVOCI (€ 49 million in 2021 compared to € 30 million in 2020) relate to vested long term incentives granted to employees. These are held in custody for the account of the relevant participants on a separate securities account of UCB. There is a corresponding liability which is recorded in Other Payables (Note 35). As these shares are held for the account of the relevant participants and not for UCB's account, these are not treated as treasury shares in accordance with IAS 32.33.

23.4 Investment in associates

The Group has no investments in associates.

23.5 Joint operations

No joint operations were entered into by the Group in 2021.

23.6 Subsidiaries with material non-controlling interests

As of December 31, 2021, there is no accumulated non-controlling interest.

The accumulated non-controlling interest as of December 31, 2020 is € 1 million and relates to Edev S.à r.l. ("Edev"). No dividends have been paid to non-controlling interests during either 2021 or 2020.

Based in Luxembourg, Edev was 100% owned by the non-controlling interests. Summarised financial information for non-controlling interest is shown in the tables below before intercompany eliminations.

Edev Sàrl is included in the consolidated income statement for 2020 and 2021 until March 26, 2021, date as from which the Group has no longer control over this company.

Summarized statement of financial position

€ million	2021	2020
Non-current assets	0	0
Current assets	0	1
Total assets	**0**	**1**
Non-current liabilities	0	0
Current liabilities	0	0
Total liabilities	**0**	**0**
Non-controlling interest	**0**	**1**

Summarized income statement

€ million	2021	2020
Revenue	0	30
Expenses	0	- 1
Profit (loss) attributable to the non-controlling interests	**0**	**29**
Total comprehensive income (loss) attributable to the non-controlling	**0**	**29**

Summarized cash flow statement

€ million	2021	2020
Net cash inflow (outflow) from operating activities	0	0
Net cash inflow (outflow) from investing activities	0	0
Net cash inflow (outflow) from financing activities	0	0
Net cash inflow (outflow)	**0**	**0**

24. Inventories

€ million	2021	2020
Raw materials and consumables	100	98
Work in progress	586	577
Finished goods	192	181
Goods purchased for resale	0	- 1
Inventories	**878**	**854**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 772 million (2020: € 701 million). There are no inventories pledged for security, nor is there any inventory stated at net realizable value. The write-down on inventories amounted to € 34 million in 2021 (2020: € 16 million) and has been included in cost of sales. Total inventory increased by € 24 million and related to increase of Core products.

25. Trade and other receivables

€ million	2021	2020
Trade receivables	905	758
Less: provision for impairment	- 18	- 16
Trade receivables – net	**887**	**742**
VAT receivable	42	38
Interest receivables	3	9
Prepaid expenses	156	140
Accrued income	0	0
Other receivables	132	84
Royalty receivables	19	18
Trade and other receivables	**1 239**	**1 031**

The carrying amount of trade and other receivables approximates their fair values. With respect to trade receivables, the fair value is estimated to be the carrying amount less the provision for impairment and for all other receivables the carrying value approximates fair value given the short-term maturity of these amounts.

There is some concentration of credit risk with respect to trade receivables. For some credit exposures in critical countries, such as the Southern European countries, the Group obtained credit insurance. The Group co-operates with dedicated wholesalers in certain countries. The largest outstanding trade receivable in 2021 from a single customer is 16% (2020: 14%) from McKesson Corp. U.S..

The aging analysis of the Group trade receivables at year-end is as follows:

	2021		2020	
€ million	**Gross carrying amounts**	**Impairment**	Gross carrying amounts	Impairment
Not past due	885	0	682	0
Past due – less than one month	6	0	51	0
Past due more than one month and not more than three months	4	0	9	- 3
Past due more than three months and not more than six months	2	0	4	0
Past due more than six months and not more than one year	0	- 11	3	- 8
Past due more than one year	8	- 7	9	- 5
Total	**905**	**- 18**	**758**	**- 16**

Based on historical default rates, the Group believes that no provision for impairment is necessary in respect of trade receivables not past due. This concerns 98% (2020: 91%) of the outstanding balance at the statement of financial position date.

The movement in the provision for impairment in respect of trade receivables is shown below:

€ million	2021	2020
Balance at January 1	**- 16**	**- 14**
Impairment charge recognized in the income statement	- 2	- 7
Utilization/reversal of provision for impairment	0	3
Effects of movements in exchange rates	0	2
Balance at December 31	**- 18**	**- 16**

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group trade and other receivables are denominated in the following currencies:

€ million	2021	2020
EUR	303	327
USD	593	382
JPY	135	120
GBP	44	45
CNY	40	37
CHF	16	15
KRW	8	8
Other currencies	100	97
Trade and other receivables	**1 239**	**1 031**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The Group does not hold any collateral as security.

26. Cash and cash equivalents

€ million	2021	2020
Short-term bank deposits	1 011	674
Cash at bank and on hand	252	662
Cash and cash equivalents (excluding bank overdrafts)	**1 263**	**1 336**

Cash and short-term deposits of € 62 million are held mostly in countries with restrictive regulations on exporting capital from the country other than via normal dividends, such as Brazil, China, India, Korea, Thailand and Turkey.

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

€ million	Note	2021	2020
Cash and cash equivalents		1 263	1 336
Bank overdrafts	29	- 19	- 33
Cash and cash equivalents (including bank overdrafts)		**1 244**	**1 303**

27. Capital and reserves

27.1 Share capital and share premium

The issued share capital of the Company amounted to € 584 million (2020: € 584 million), and is represented by 194 505 658 shares (2020: 194 505 658 shares). The Company's shares are without par value. At December 31, 2021, 69 144 680 shares were registered and 125 360 978 were dematerialized shares. The holders of UCB shares are entitled to receive dividends as declared and are also entitled to one vote per share at the shareholders' meeting of the Company. There is no authorized, unissued capital.

At December 31, 2021, the share premium reserves amounted to € 2 030 million (2020: € 2 030 million).

27.2 Treasury shares

The Group acquired, through UCB SA 750 000 treasury shares (2020: 1 200 000) for a total amount of € 60 million (2020: € 106 million) and transferred 898 441 treasury shares (2020: 1 570 764) for a total amount of € 69 million (2020: € 85 million). Net transfer of 148 441 treasury shares for a net amount of € 9 million.

During 2021, the Group did not acquire or dispose of any treasury shares as part of share swap transactions (2020: 0 acquired and 0 disposed). At December 31, 2021, the Group retained 5 331 781 treasury shares of which none related to share swap deals (2020: 5 480 222). These treasury shares have been acquired in order to honor the exercise of stock options and share awards granted to the Executive Committee members and certain categories of employees.

In the current year, no call options on UCB shares have been acquired (2020: 0) nor have any call options been exercised (2020: 0). At December 31, 2021, the Group did not hold any options on UCB shares (December 31, 2020: 0).

27.3 Other reserves

Other reserves amount to € -56 million (2020: € -144 million) with the movement related to the re-measurement of the defined benefit obligation for € 87 million bringing total remeasurement value at € - 252 million (2020: € -339 million) and transfer of fair value gain related to financial asset at FVOCI to other reserves (€ - 2 million).

27.4 Cumulative translation adjustments

The cumulative translation adjustments reserve represents the cumulative currency translation differences relating to the consolidation of Group companies that use functional currencies other than the euro as well as any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges.

28. Share-based payments

The Group operates several equity-based and cash-based compensation plans, including a stock option plan, a stock appreciation rights plan, a stock award plan and a performance share plan to compensate employees for services rendered.

The stock option plan, the stock award plan and the performance share plan are equity-settled, whereas the stock appreciation rights plan is a cash-settled plan. Besides these plans, the Group also operates employee stock purchase plans in the U.K. and the U.S. and phantom share plans. The expenses incurred for these plans are immaterial.

28.1 Stock option plan and stock appreciation rights plan

The Governance, Nomination and Compensation Committee (GNCC) granted options on UCB SA shares to the Executive Committee members, the senior executives and the senior directors of the UCB Group. The exercise price of the granted options under these plans is equal to the lowest of the following two values:

- the average of the closing price of the UCB shares on Euronext Brussels, during the 30 days preceding the offer; or
- the closing price of the UCB shares on Euronext Brussels the day before the grant.

A different exercise price is determined for those eligible employees subject to legislation which requires a different exercise price in order to benefit from reduced taxation. The options become exercisable after a vesting period of three years, except for those eligible employees subject to legislation which requires a longer vesting period in order to benefit from reduced taxation. If an employee leaves the Group, his/her options usually lapse upon expiry of a period of six months. Options do not lapse in case of death or retirement and in case of involuntary termination when taxes have been paid upon grant. The Group has no obligation to repurchase or settle the options in cash.

The options are not transferable (except in case of death).

The Stock Appreciation Rights (S.A.R.'s) plan has similar characteristics to the stock option plan, except that it is reserved for UCB employees in the U.S. This plan is cash-settled.

28.2 Stock award plan

The GNCC granted free UCB SA shares to the Executive Committee members, the senior executives and the senior and middle management of the UCB Group. The free shares have service conditions attached to them whereby beneficiaries are required to remain in service for three years post grant date. Stock awards lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.3 Performance share plan

The GNCC granted performance shares to senior executives for specific achievements aligned with company strategic priorities. The performance shares are conditional on the beneficiary completing three years of service (the vesting period) and the number of shares award is adjusted at the end of the vesting period based on the company's performance against its goals.

Performance Shares lapse upon leaving the Group, except upon leaving on retirement or death in which case they vest immediately. The beneficiary is not entitled to dividends during the vesting period.

28.4 Phantom stock option, stock award and performance share plans

The Group also has phantom stock option, phantom stock award and phantom performance share plans (collectively referred to as phantom plans). These phantom plans apply to certain employees who have an employment contract with certain affiliates of the Group and are governed under similar rules to the Group stock option, stock award and performance share plans except for their settlement. As of December 31, 2021, these plans had 262 participants (2020: 665) and the share-based payment expense incurred for these plans is immaterial.

28.5 North America employee stock purchase plan.

The plan is intended to provide employees of UCB affiliates in North America with an opportunity to purchase common stock of the Group. Shares are acquired at a discount of 15% which is funded by UCB. Employees save a defined percentage of their salary through payroll deduction and shares will be purchased with after-tax employee contributions. The shares are held by an independent third party banking institution in an account in the employee's name.

The limit placed on employees' participation in the plan is as follows:

- between 1% and 10% of each participant's compensation;
- US$ 25 000 per year per participant;
- maximum of US$ 10 million total ownership by North America employees in all forms of share plans over a rolling period of 12 months.

As of December 31, 2021, the plan had 864 participants (2020: 819). There are no specific vesting conditions and the share-based payment expense incurred for this plan is immaterial.

28.6 Stock savings plan in the U.K.

The purpose of this plan is to encourage the holding of UCB shares by employees in the U.K. Participants save a certain portion of their salary through payroll deductions and UCB matches every 1 share bought by each participant with 1 free share. Shares are held in an account in the employee's name by an independent company that acts as a trustee. Employee contributions to the plan are limited to the lower of:

- 10% of each participant's compensation;
- GBP 1 800 per year per participant.

As of December 31, 2021, the plan had 394 participants (2020: 360) and the share-based payment expense incurred for this plan is immaterial.

28.7 Share-based payment expense

The total share-based payment expense incurred for the Group amounted to € 109 million (2020: € 81 million), and has been included in the relevant functional lines within the income statement as follows:

€ million	2021	2020
Cost of sales	14	5
Marketing and selling expenses	26	41
Research and development expenses	42	15
General and administrative expenses	27	20
Other operating expenses	0	0
Total operating expense	**109**	**81**
Of which, equity-settled:		
Stock option plans	4	8
Stock award plans	75	62
Performance share plan	15	8
Of which, cash-settled:		
Stock appreciation rights plan	10	1
Phantom stock option, stock award and performance share plans	5	4

28.8 Stock option plans

The movements in the number of stock options outstanding and their related weighted average exercise prices as at December 31 are:

	2021			2020		
	Weighted average fair value (€)	**Weighted average exercise price (€)**	**Number of stock options**	Weighted average fair value (€)	Weighted average exercise price (€)	Number of stock options
Outstanding at January 1	12.44	63.50	3 341 054	10.73	57.07	4 241 720
+ New options granted	16.06	80.02	328 987	17.44	76.26	430 410
(-) Options forfeited	13.30	66.94	32 584	13.18	69.75	71 030
(-) Options exercised	10.20	49.55	462 828	9.83	46.12	1 247 746
(-) Options expired	6.48	26.72	11 600	7.90	31.62	12 300
(-) Options converted in other plans	12.40	69.43	16 914			
Outstanding at December 31	**13.16**	**67.35**	**3 146 115**	**12.44**	**63.50**	**3 341 054**
Number of options fully vested:						
At January 1			1 320 368			2 414 922
At December 31			1 582 306			1 320 368

The stock options outstanding as at December 31, 2021 with the following last exercise dates and exercise prices are:

Last exercise date	**Range of exercise prices (€)**	Number of stock options
March 31, 2022	32.36	155 550
March 31, 2023	[48.69–49.80]	300 802
March 31, 2024	58.12	149 539
March 31, 2025	67.35	251 293
March 31, 2026	67.24	257 658
March 31, 2027	[70.26–72.71]	346 502
March 31, 2028	66.18	468 503
March 31, 2029	[76.09–76.56]	469 364
March 31, 2030	[76.21–79]	417 917
March 31, 2031	[79.99–81.12]	328 987
Total outstanding		**3 146 115**

The fair value has been determined based on the Black-Scholes valuation model.

The volatility was determined primarily by reference to historically observed share prices of UCB over the last five years. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of the fair value of the stock options granted in 2021 and 2020 are:

		2021	2020
Share price at grant date	€	81.00	81.36
Weighted average exercise price	€	80.02	76.26
Expected volatility	%	28.23	27.41
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.57	1.52
Risk free interest rate	%	- 0.50	- 0.27
Expected annual forfeiture rate	%	7.00	7.00

28.9 Stock appreciation rights (S.A.R.'s) plan

The movements of the S.A.R.'s and the model inputs as at December 31, 2021 can be found in the table below.

The fair value of the S.A.R.'s at grant date is determined using the Black-Scholes model. The fair value of the liability is remeasured at each reporting date.

		2021	2020
Outstanding rights as of January 1		**756 680**	**988 959**
+ New rights granted		163 462	202 586
+ Rights converted from other plans		16 914	0
(-) Rights forfeited		50 125	97 977
(-) Rights exercised		120 482	333 388
(-) Rights expired		12 200	3 500
Outstanding rights as of December 31		**754 249**	**756 680**
The significant assumptions used in the measurement of the fair value of the stock appreciation rights are:			
Share price at year end	€	100.35	84.48
Exercise price	€	81.12	79.00
Expected volatility	%	27.40	28.67
Expected option life	Years	5.00	5.00
Expected dividend yield	%	1.27	1.47
Risk free interest rate	%	- 0.38	- 0.68
Expected annual forfeiture rate	%	7.00	7.00

28.10 Stock award plans

The share-based payment expense related to these stock awards is spread over the vesting period of three years.

The beneficiaries are not entitled to dividends during the vesting period. The movement in the number of stock awards outstanding at December 31 is as follows:

	2021		2020	
€ million	Number of stock awards	Weighted average fair value (€)	Number of stock awards	Weighted average fair value (€)
Outstanding at January 1	2 480 525	76.49	2 153 706	72.18
+ New stock awards granted	743 691	81.64	1 147 623	81.93
(-) Awards forfeited	206 091	79.03	189 063	73.73
(-) Awards vested and paid out	683 315	67.37	631 741	72.48
Outstanding at December 31	2 334 810	80.58	2 480 525	76.49

28.11 Performance share plans

The movement in the number of performance shares outstanding at December 31 is as follows:

	2021		2020	
€ million	Number of shares	Weighted average fair value (€)	Number of shares	Weighted average fair value (€)
Outstanding at January 1	395 873	76.91	398 419	72.63
+ New performance shares granted	205 875	81.36	205 540	80.92
(-) Performance shares forfeited	30 822	79.26	96 365	72.89
(-) Performance shares vested	103 083	66.32	111 721	72.54
Outstanding at December 31	467 843	81.02	395 873	76.91

29. Borrowings

The carrying amounts and fair values of borrowings are as follows:

		Cash flows		Non-cash changes			
€ million	2020	From Financing activities	Increase/ Decrease in cash	Transfer Non-Current to Current	Foreign Exchange Movement	Other	**2021**
Non-current							
Bank borrowings	1 554	-495	0	0	96	0	1 155
Other long-term loans	0	0	0	0	0	0	0
Leases	75	- 31	0	0	3	50	97
Total non-current borrowings	**1 629**	**-526**	**0**	**0**	**99**	**50**	**1 252**
Current							
Bank overdrafts	33	0	- 16	0	2	0	19
Current portion of bank borrowings	13	-17	0	0	0	2	- 2
Debentures and other short-term loans	0	0	0	0	0	0	0
Leases	35	- 10	0	0	0	13	38
Total current borrowings	**81**	**-27**	**- 16**	**0**	**2**	**15**	**55**
Total borrowings	**1 710**	**-553**	**- 16**	**0**	**101**	**65**	**1 307**

On December 31, 2021 the Groups weighted average interest rate was 1.30% (2020: 1.84%) prior to hedging. The floating interest rate payments are subject to designated cash flow hedges and fixed interest rate payments are subject to designated fair value hedges, thereby fixing the weighted average interest rate for the Group at 1.05% (2020: 1.54%) post hedging. The fees paid for the arrangement of the bonds (Note 30), and the amended facilities agreement are amortized over the life of the instruments.

Where applicable under hedge accounting, the fair value of the non-current borrowings is determined based on the present value of the payments associated with the debt instruments, using the applicable yield curve and UCB credit spread for the various different currencies.

Since the bank borrowings are at a floating interest rate that is reset every six months, the carrying amount of the bank borrowings equates to its fair value.

With respect to the current borrowings, the carrying amounts approximate their fair values as the effect of discounting is considered to be insignificant.

On January 9, 2018 the Group amended and extended its € 1 billion revolving credit facility then maturing on January 9, 2021 into a € 1 billion revolving credit facility with maturity in 2023 (including the option to request further extensions of the maturity date by two additional years). In December 2019, the Group extended the maturity of its credit facility to January 9, 2025 (no further extension option is available). Per December 31, 2021 there were no outstanding amounts under the revolving credit facility (2020: € 0 million).

On October 10, 2019, the Group entered into a US$ 2.1 billion bullet term loan facility agreement, maturing in 2025, to finance the Ra Pharma acquisition.

Per December 31, 2021 there was US$ 1.315 billion outstanding under this term loan facility (2020: US$ 1.9 million).

The Group has access to certain committed and non-committed bilateral credit facilities. In this respect, per end of 2021 an aggregated amount of € 38 million was undrawn on the committed bilateral facility (2020: € 47 million).

Please refer to Note 5.3 for the maturity analysis of the Group borrowings (excluding other financial liabilities).

The carrying amounts of the Group borrowings are denominated in the following currencies:

€ million	2021	2020
USD	1 232	1 634
EUR	40	39
GBP	10	13
CNY	6	7
JPY	5	3
Other	14	14
Total borrowings	**1 307**	**1 710**

30. Bonds

The carrying amounts and fair values of borrowings are as follows:

			Carrying amount					Fair value	
€ million	Coupon rate	Maturity date	2020	Cash flows	Fair value changes	Other movements	2021	2020	2021
Institutional Eurobond	1.000%	2028	0	496	-9	0	487	0	502
EMTN Note[1]	1.000%	2027	150	0	-3	0	147	151	150
Retail Bond	5.125%	2023	186	0	-5	1	182	197	191
Institutional Eurobond	1.875%	2022	351	-350	-2	1	0	357	0
Institutional Eurobond	4.125%	2021	350	-350	0	0	0	350	0
Total bonds			**1 037**	**-204**	**-19**	**2**	**816**	**1 055**	**843**
Of which:									
Non-current			687	146	-19	2	816	705	843
Current			350	-350	0	0	0	350	0
Derivatives used for hedging			**- 14**	**0**	**19**	**0**	**5**		
Of which:									
Non-current assets (-)			- 14	0	19	0	5		
Current assets (-)			0	0	0	0	0		
Non-current liabilities (+)			0	0	0	0	0		
Current liabilities (+)			0	0	0	0	0		

1 EMTN: Euro Medium Term Note. The fair value of the EMTN Notes cannot be accurately determined given the limited liquidity in secondary market trading for these notes, and is for reporting purposes replaced by the carrying value.

30.1 Retail bonds

Maturing in 2023:
During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million.

The 175 717 new bonds were issued in October 2013 and have been listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The 5outstanding 574 283 of the retail bonds matured and have been redeemed in November 2014.

30.2 Institutional Eurobonds

Matured in 2021:
In January 2021, UCB repaid the € 350 million institutional Eurobonds in full.

Matured in 2021:
In April 2021, UCB repaid the € 350 million institutional Eurobonds (maturity 2022) in full.

Maturing in 2028:
In March 2021, UCB completed an offering of € 500 million senior unsecured bonds, due in 2028, issued under its EMTN program. The Bonds were issued at 99.751% in March 2021 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 1.00% per annum while their effective interest rate is 1.1231% per annum. The bonds have been listed on Euronext Brussels

30.3 EMTN notes

Maturing in 2027:
In October 2020, UCB completed an offering of € 150 million notes, due in 2027. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 1.00% per annum while their effective interest rate is 1.0298% per annum. The notes have been listed on Euronext Brussels.

30.4 Fair value hedges

The Group designates derivative financial instruments under fair value hedges to the Retail Bonds and Institutional Eurobonds. The change in the carrying amount of the bonds is fully attributable to the change in the fair value of the hedged portion of the bonds, and is almost fully offset by a change in fair value of the corresponding derivative financial instrument.

31. Other financial liabilities

		Carrying amounts		Fair value	
€ million	Note	**2021**	2020	**2021**	2020
Non-current					
Derivative financial instruments	39	12	3	12	3
Other financial liabilities		0	0	0	0
Total non-current other financial liabilities		**12**	**3**	**12**	**3**
Current					
Derivative financial instruments	39	98	86	98	86
Other financial liabilities		2	0	2	0
Total current other financial liabilities		**100**	**86**	**100**	**86**
Total other financial liabilities		**112**	**89**	**112**	**89**

The other financial liabilities include a liability of € 2 million related to factoring of receivables.

32. Deferred tax assets and liabilities

32.1 Recognized deferred tax assets and liabilities

€ million	2020	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI – Cash flow hedges	OCI Pensions	Effect of movements in exchange rate	2021
Intangible assets	- 508	0	0	0	14	0	0	- 36	- 531
Property, plant and equipment	- 19	0		0	1	0	0	0	- 18
Inventories	353	0		0	13	0	0	0	367
Trade and other receivables	52	0		0	4	0	0	0	56
Employee benefits	46	0		0	- 2	0	- 11	0	34
Provisions	9	0		0	- 5	0	0	0	4
Other short-term liabilities	- 175	0		0	81	33	0	7	- 55
Net lease assets/liabilities	1	0		0	- 1	0	0	0	0
Unused tax losses	241	0	0	0	- 83	0	0	7	166
Unused tax credits	437	0		42	- 1	0	0	2	479
Total net deferred tax assets/ liabilities (-)	**437**	**0**	**0**	**42**	**21**	**33**	**- 11**	**- 21**	**501**

€ million	2019	Acquisition/ Disposals	FX acquisition	R&D Adjustment	Current Year Movement	OCI – Cash flow hedges	OCI Pensions	Effect of movements in exchange rate	2020
Intangible assets	- 33	- 563	25	0	27	0	0	0	- 508
Property, plant and equipment	- 18	0	0	0	- 1	0	0	0	- 19
Inventories	274	0	0	0	82	0	0	- 3	353
Trade and other receivables	58	0	0	0	- 6	0	0	0	52
Employee benefits	44	0	0	0	5	0	2	- 5	46
Provisions	6	0	0	0	3	0	0	0	9
Other short-term liabilities	- 203	0	0	0	57	- 23	0	- 6	- 175
Net lease assets/liabilities	0	0	0	0	1	0	0	0	1
Unused tax losses	239	132	- 7	0	- 113	0	0	- 10	241
Unused tax credits	455	0	0	- 38	23	0	0	- 3	437
Total net deferred tax assets/ liabilities (-)	**822**	**- 431**	**18**	**- 38**	**78**	**- 23**	**2**	**9**	**437**

Total net deferred tax assets of € 501 million have been recognized at December 31, 2021. Based upon the level of past taxable income and projected future taxable profits over the periods in which the deductible temporary differences are estimated to reverse, the Group believes it is probable that the benefits of the recognized deferred tax assets will be realized.

The Group saw an increase of the deferred tax liability exceeded by an increase of the deferred tax asset balances resulting in a net deferred tax asset increase. This is driven by the following items:

- **Deferred tax assets on losses:** utilization of tax losses carried forward against taxable profit in key entities. In line with prior years, the loss utilization is also partially compensated by a decrease of the deferred tax liability on loss recapture.
- **R&D tax credit:** refund received versus further build-up of R&D tax credit deferred tax assets following R&D investments.

Other items are a result of the movements on UCB's statement of financial position items (such as inventory and intangibles), reassessment following tax law changes and reassessment of non-EUR denominated deferred tax balances.

Tax reforms
Impact of tax law and tax rate changes, mainly in U.K. and Switzerland, were assessed by management and remeasurement of the deferred tax balances took place as appropriate.

The U.S. tax reform did not materialize per December 31, 2021 and, as a consequence, UCB's U.S. deferred tax balances were not impacted. Management is closely following up on further developments of a U.S. tax reform which may trigger deferred tax remeasurement and current tax impacts in 2022.

R&D tax credits
The group recorded deferred tax assets on tax credits. The total deferred tax asset in respect of R&D tax credits at year end is € 448 million (2020: € 405 million) which will result in a cash tax benefit in the future. Other tax credits for € 38 million were also recorded.

Deferred tax assets on losses
UCB has seen a substantial utilization of tax losses carried forward, partially compensated by a decrease of deferred tax liabilities. A deferred tax asset of € 166 million (2020: € 241 million) was recognized in respect of tax losses carried forward totaling € 683 million (2020: € 1.06 billion) as the Group has concluded that the relevant entities will generate taxable profits in the foreseeable future against which these losses can be used and forecasts are deemed reliable taking into account the profile of the concerning entities and potential restrictions that could be available. These losses have arisen in jurisdictions in which UCB operates and do not expire. This period has seen no further recognition of losses and tax credits previously unrecognized. Undiscounted forecasts have been used to assess the availability of future taxable profits.

32.2 Unused tax losses

As of December 31, 2021, the Group also had € 3 284 million (2020: € 2 844 million) of gross unused tax losses and innovation income deduction for which no deferred tax asset is recognized in the statement of financial position. Based on the current legislation, these tax attributes do not expire.

Based on current forecasts and current legislation, the majority of these tax attributes is expected to be fully utilized within the next 10 years. Management is currently assessing the impact of the international (OECD) tax reform.

32.3 Temporary differences for which no deferred tax asset or deferred tax liability is recognized

Deferred tax assets are recognized on temporary differences carried forward that represent income likely to be realized in the foreseeable future. Deferred tax assets amounting to € 300 million gross/€ 75 million net (2020: € 312 million gross/ € 78 million net) in respect of dividend received deduction and intangible assets have not been recognized in view of the uncertain character of the recovery.

No deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries as 100% participation exemption is available for any future equity upstream.

There is an additional unrecognized deferred tax liability of € 98 million (2020: € 115 million) in respect of an internal reorganization which occurred in 2014. The tax liability will only materialize on disposal of the relevant asset, an event which is controlled by UCB and for which there are no concrete plans in the foreseeable future.

32.4 Deferred tax directly recognized in OCI

€ million	2021	2020
Deferred tax on pensions	-10	2
Deferred tax on effective portion of changes in fair value of cash flow hedges and on gains financial assets at FVOCI	33	- 23
Deferred tax directly recognized in OCI	**23**	**- 21**

33. Employee benefits

Most employees are covered by retirement benefit plans sponsored by Group companies. The nature of such plans varies according to legal regulations, fiscal requirements and economic conditions of the countries in which the employees are employed. The Group operates both defined contribution plans and defined benefit plans.

33.1 Defined contribution plans

Post-employment benefit plans are classified as "defined contribution" plans if the Group pays fixed contributions into a separate fund or to a third party financial institution and has no further legal or constructive obligation to pay further contributions. Therefore no assets or liabilities are recognized in the Group statement of financial position in respect of such plans, apart from regular prepayments and accruals of contributions. For the Belgian defined contribution plans, UCB is required by law to guarantee a minimum return on employee and employer contributions. As a consequence, these plans are considered defined benefit plans. Where reliable estimates can be made for material plans, they are valued using the projected unit credit method under IAS 19. These plans are aggregated with the results for other defined benefit plans.

33.2 Defined benefit plans

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits and jubilee premiums. The benefits are granted according to local market practice and regulations.

These plans are either unfunded or funded via outside pension funds or insurance companies. For (partially) funded plans, the assets of the plans are held separately in funds under the control of the trustees. Where a plan is unfunded, notably for the major defined benefit plans in Germany, a liability for the obligation is recorded in the Group statement of financial position. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the benefit obligations. Accordingly, a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated statement of financial position. Independent actuaries assess all main plans annually.

The Group analyses the Value at Risk on its statement of financial position and profit and loss accounts linked to its defined benefits plans. Target risk level in terms of a one-year consolidated statement of financial position and profit and loss Value at Risk measures are defined annually based on UCB risk tolerance thresholds.

For UCB, the main risks linked to its defined benefit obligations are discount rate, inflation and longevity. The majority of the risks lays within Belgium, Switzerland, Germany and the U.K. It should be noted that longevity is not considered as a risk for the plans in Belgium as benefits are either paid as a lump sum or externalised before being paid as an annuity.

Over the last years, UCB has performed various de-risking projects.

- In the U.K., UCB completed the buy-out of three of its four pension schemes by securing the benefits of all members of the schemes with an insurance company. UCB does, therefore, no longer have any liabilities towards any members of those three schemes. For the remaining Scheme, the Celltech Pension and Insurance Scheme, the focus, since 2012, is on de-risking progressively from a 50% growth/50% bonds allocation to a 10% growth/90% bonds allocation. Today the growth/bonds allocation is around 30%/70%. To better manage discount rate and inflation risks, the Scheme has also over the years gradually increased the hedging of both interest rates and inflation to around 90%.
- In Belgium, UCB implemented a de-risking strategy by closing all Belgian defined benefit and cash balance plans to new entrants as from December 31, 2019 and by implementing a new cash balance plan with an effective date of January 1, 2020 with the legally required guaranteed return. The focus remains on the diversification of the assets and investment managers while keeping a close control on risk.

The amount recognized in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

€ million	Note	2021	2020
Present value of defined benefit obligation		1 230	1 196
Fair value of plan assets		- 941	- 816
Funded status – Deficit		**289**	**380**
Effect of asset ceiling		0	1
Net liability arising from defined benefit obligation		**289**	**381**
Add: Liability with respect to cash settled share based payments	28	26	21
Total employee benefit liabilities		**315**	**402**
Of which:			
Portion recognized in non-current liabilities		315	402
Portion recognized in non-current assets		0	0

86% of the net liability arising from defined benefit obligations is related to defined benefit pension obligations in Belgium, Germany and the U.K.

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	2021	2020
At January 1	**1 196**	**1 076**
Current service cost	66	58
Interest expense	11	14
Remeasurement gain(-)/loss:		
Effect of changes in demographic assumptions	-2	1
Effect of changes in financial assumptions	-61	76
Effect of experience adjustments	20	14
Past service cost and gain(-)/loss on settlements	0	1
Effect of change in foreign exchange rates	25	-16
Benefit payments from the plan	-19	-19
Benefit payments from the employer	-4	-5
Settlement payments	0	0
Plan participants contributions	4	3
Other	-6	-7
At December 31	**1 230**	**1 196**

Movements in the fair value of plan assets in the current year were as follows:

€ million	2021	2020
At January 1	**816**	**715**
Interest income	8	10
Remeasurement gain(-)/loss:		
Return on plan assets (excluding interest income)	53	64
Changes in asset ceiling (excluding interest income)	0	0
Effect of change in foreign exchange rates	23	- 15
Plan participants contributions	4	3
Employer contributions	68	70
Benefit payments from the plan	- 24	- 23
Settlement payments	0	0
Expenses, taxes and premiums paid	- 7	- 8
At December 31	**941**	**816**

The fair value of plan assets amounts to € 941 million (2020: € 816 million), representing 77% (2020: 68%) of the defined benefit obligation. The total deficit of € 289 million (2020: € 380 million) is expected to be eliminated over the estimated remaining average service period of the current membership.

The amounts recognized in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

€ million	2021	2020
Total service cost (including past service cost and gain (-)/loss from settlements)	66	59
Net interest cost	3	4
Remeasurement of other long term benefits	0	1
Administrative expenses and taxes	1	1
Components of defined benefit costs recorded in income statement	**70**	**65**
Remeasurements gain (-)/loss:		
Effect of changes in demographic assumptions	- 2	1
Effect of changes in financial assumptions	- 61	76
Effect of experience adjustments	20	13
Return on plan assets (excluding interest income)	- 53	- 63
Return on reimbursement rights (excluding interest income)	0	- 1
Changes in asset ceiling/onerous liability (excluding interest income)	- 1	0
Components of defined benefit costs recorded in OCI	**- 97**	**26**
Total components of defined benefit cost	**- 27**	**91**

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefit expenses in the consolidated income statement. 82% of the defined benefit costs recorded in the income statement are relating to defined benefit pension plans in Belgium and U.K. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income. Total remeasurements amount to a gain of € 97 million in 2021 compared to a loss of € 26 million in 2020. The gain in 2021 is mainly resulting from a higher return on plan assets and increase in discount rates. The loss in 2020 is mainly resulting from a decrease in discount rates partially offset by higher return on plan assets.

The split of the recognized expense by functional line is as follows:

€ million	2021	2020
Cost of sales	21	19
Marketing and selling expenses	8	7
Research and development expenses	26	23
General and administrative expenses	15	16
Total	**70**	**65**

The actual return on plan assets is € 53 million (2020: € 64 million) and the actual return on reimbursement rights is € 0 million (2020: € 1 million).

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	2021	2020
Cash and cash equivalent	**16**	**12**
Equity instruments	**257**	**226**
Europe	71	60
U.S.	65	36
Rest of the world	121	130
Debt instruments	**379**	**295**
Corporate bonds	151	147
Government bonds	53	41
Other	175	107
Properties	**23**	**13**
Qualifying insurance policies	**106**	**103**
Investment funds	**160**	**153**
Other	**0**	**14**
Total	**941**	**816**

Virtually all equity and debt instruments have quoted prices in active markets. Properties can be classified as Level 3 instruments based on the definitions in IFRS 13 *Fair Value Measurement*.

The assets held in the funds do not contain any direct investment in UCB Group shares, nor any property occupied by, or other assets used by the Group, though this does not exclude UCB shares being included in mutual investment fund type investments. The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Eurozone		U.K.		Other	
	2021	2020	**2021**	2020	**2021**	2020
Discount rate	1.24%	0.90%	1.80%	1.40%	0.30%	0.02%
Inflation	1.75%	1.75%	2.90%	2.80%	n/a	n/a

Significant actuarial assumptions for the determination of the defined obligation are discount rate and inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 50 basis points higher (lower), the defined benefit obligation would decrease by € 93 million (increase by € 104 million) if all other assumptions were held constant.
- If the inflation rate would increase (decrease) by 25 basis points, the defined benefit obligation would increase by € 24 million (decrease by € 21 million) if all other assumptions were held constant.

The figures above do not take account of any interrelationship between the assumptions, especially between the discount rate, expected salary increases and inflation rates.

The Group's subsidiaries should fund the entitlements expected to be earned on a yearly basis. Funding usually follows local actuarial requirements and in this framework, the discount rate is set on a risk-free rate.

Underfunding linked to past service are met by setting up recovery plans and investment strategies considering liability profiles , appropriate time periods for amortization of past service liability, local regulations and the financial capabilities of the local company.

The average duration of the benefit obligation at the end of the reporting period is 16.00 years (2020: 16.60 years). This number can be subdivided into the duration related to:

- Eurozone: 14.10 years (2020: 14.50 years)
- U.K.: 18.70 years (2020: 19.90 years)
- Other: 19.50 years (2020: 20.40 years)

The Group expects to make a contribution of € 69 million to the defined benefit plans during the next financial year.

ALM (asset-liability matching) studies are typically performed every 3 years. Within those studies, investment strategies are analyzed in terms of risk-and-return profiles. An ALM study was completed in Switzerland in 2018. In Belgium, an ALM study was performed in 2021, which resulted in a slight adjustment of the .assets portfolio.

In setting up the long-term investment strategy of the scheme, the investment committee focuses on some key principles defined by the Group such as:

- maintaining a balance between the level of contributions acceptable to UCB and the level of investment risk relative to the liabilities;
- reducing the volatility through investment diversification; and
- the degree of investment risk should depend on the financial state of the schemes and liability profiles.

34. Provisions

The movements in provisions have been disclosed below:

€ million	Environment	Restructuring	Other	2021
At January 1, 2021	**15**	**10**	**220**	**245**
Arising during the year	2	11	65	78
Unused amounts reversed	- 4	- 1	- 19	- 24
Transfer from one heading to another	0	1	0	1
Effect of movements in exchange rates	0	0	3	3
Utilized during the year	- 1	- 10	- 21	- 32
At December 31, 2021	**12**	**11**	**248**	**271**
Non-current portion	12	0	175	187
Current portion	0	11	73	84
Total provision	**12**	**11**	**248**	**271**

34.1 Environmental provisions

UCB has retained certain environmental liabilities which were mainly related to the divestiture of Films (2004) and Surface Specialties (2006). These liabilities relate to the divested sites on which UCB has retained full responsibility in accordance with contractual terms. The decrease of the environmental provisions mainly stems from the reversal of unused amounts of the Tecumseh (U.S.) provision related to the Films business partially offset by additional amounts of the existing environmental provisions. In 2021 a part of the provision was used to cover for actual expenses incurred.

34.2 Restructuring provisions

The restructuring provisions arising during 2021 are related to further optimization business models. The utilization is also mainly related to earlier reorganizations in Europe.

34.3 Other provisions

Other provisions relate mainly to:

- provisions for litigations that comprise mainly provisions where UCB or a subsidiary is or might be a defendant against claims of previous employees;
- product liability provisions that pertain to the risks related to the normal course of business and for which the Group might be liable by selling these kinds of drugs. UCB is currently defendant in several product liability cases in France in respect of Distilbène, a former product of the UCB Group. The claimants in these actions claim that their mothers took Distilbène during their pregnancy and that as a result of this they suffered bodily injuries (see Note 43.3). The provision in respect of Distilbène decreased by € 9 million to a total of € 124 million (2020: increase by € 21 million to a total of € 133 million) to reflect the net estimated future cash outflows. The provision was discounted using a discount rate of 0.11% (2020: -0.34%). If the discount rate would be 25 basis points lower, the provision would increase by € 3 million, at 0% discount rate the provision would increase by € 1 million;
- provisions for restoration costs for leased buildings due to the adoption of IFRS 16 (€ 8 million) (2020: € 10 million) (see Note 40);
- provisions in respect of the recoverability of non-income tax receivables.

An assessment is performed with respect to the above-mentioned risks together with the Group legal advisers and experts in the different domains.

35. Trade and other liabilities

€ million	2021	2020
Other payables	86	91
Total non-current trade and other liabilities	**86**	**91**

€ million	2021	2020
Trade payables	596	513
Invoices to receive	81	86
Taxes payable, other than income tax	31	23
Payroll and social security liabilities	267	229
Other payables	82	69
Deferred income linked to development agreements	228	98
Other deferred income	14	24
Royalties payable	90	80
Rebates/discounts and other sales allowances payable	901	717
Accrued interest	11	28
Other accrued expenses	254	271
Total non-current trade and other liabilities	**2 555**	**2 138**

The vast majority of the trade and other liabilities are classified as current and consequently the carrying amounts of the total trade and other liabilities is assumed to be a reasonable approximation of fair value.

"Rebates/discounts and other sales allowances payable" include rebates, chargebacks, discounts and accruals for product returns relating to products sold in the U.S. to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programs, including the U.S. Medicaid Drug Rebate program, the U.S. Federal Medicare program and others. The sales returns and allowances are recorded in the same period as the underlying sales as a deduction to sales.

Per management assessment, the total accruals for these items are adequate, based upon currently available information and interpretation of relevant regulations.

As these deductions are based on management estimates, the actual deductions might differ from these estimates. Such differences could impact the accruals recognized in the statement of financial position in future periods and consequently the level of sales recognized in the income statement in future periods, as there is often a time lag of several months between the recording of the estimate and the final accounting of the sales deductions.

The accruals are reviewed and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.

All returns, chargebacks, rebates and discounts that are not mentioned on the invoice are estimated, deducted from sales and presented on the statement of financial position in the appropriate accrual account. The estimate for future product returns is based on several factors, including: historical return rates, expiration date by product, return rate by closed batches, actual returns processed among others, as well as any other specifically-identified anticipated returns due to known factors such as the loss of patent exclusivity, product recalls and discontinuances, or a changing competitive environment. Adjustments to these accruals may be required in the future based on revised estimates to our assumptions, which would have an impact on our consolidated results of operations. The U.S. sales return and allowance liability that is included as part of the rebates and discounts payable liability balance amounts to € 761 million as per December 31, 2021 (December 31, 2020: € 554 million).

36. Income tax payables

Income tax payables include liabilities for uncertain tax positions for an amount of € 157 million (2020: € 155 million). The uncertain tax positions balance has remained stable over 2021 and is composed of a further increase of a number of tax positions compensated by (partial) reversal of some risks in key countries and the nearing settlement of an important tax audit in a key jurisdiction. All liabilities are reflecting the tax-technical merits of the case and the state of discussions with tax authorities upon tax audit (where appropriate). Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies.

The income tax receivable includes assets for tax relief following Mutual Agreement procedures for an amount of € 27 million (2020: € 25 million). Assets for relief following Mutual Agreement procedures are recorded when the Group considers it probable that a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions.

The assessment for both the uncertain tax positions and corresponding adjustments is calculated taking into account the most likely outcome (for corporate income tax related matters) or the expected value (for corporate tax or transfer pricing related matters), where appropriate and in line with IFRIC 23. See Note 4.2.5 for more details on the Group's assessment of uncertain tax positions. On a net basis, the group has provided for a reserve of € 130 million (2020: € 130 million) to cover for uncertain tax positions and engages into the necessary procedures to secure tax relief where possible.

UCB faces tax audits in a number of countries where activities are deployed. The issues under discussion are in some cases complex and such audits can take a number of years to resolve. The Group strictly follows up on the liabilities for uncertain tax positions which are recorded per end 2021, also reflecting the status of the ongoing tax audits.

37. Note to the consolidated statement of cash flows

The cash flow statement identifies operating, investing and financing activities for the period.

UCB uses the indirect method for the operating cash flows. The net profit and loss is adjusted for:

- the effects of non-cash transactions such as depreciation and amortization, impairment losses, provisions, mark-to-market, etc., and the variance in working capital;
- items of income or expense associated with investing or financing cash flows.

Important non-cash transactions for 2021 mainly relate to tax credits (€ 108 million) for which the cash benefit will be received in later years and to CTA on liquidated entities that were transferred to the income statement (€ 11 million).

Important non-cash transactions for 2020 mainly relate to acquired working capital from acquisitions (€ 263 million) and tax credits (€ 81 million) for which the cash benefit will be received in later years.

€ million	Note	2021	2020
Adjustment for non-cash transactions		**239**	**297**
Depreciation and amortization	11, 22, 20	323	354
Impairment/reversal (-) charges	11, 14	6	0
Equity settled share based payment expense		12	4
Other non-cash transactions in the income statement		- 120	- 79
Adjustment IFRS 9	17	- 71	31
Unrealized exchange gain (-)/losses		51	- 40
Change in provisions and employee benefits		31	29
Change in inventories and bad debt provisions		7	- 2
Adjustment for items to disclose separately under operating cash flow		**170**	**119**
Tax charge of the period from continuing operations	18	170	119
Adjustment for items to disclose under investing and financing cash flow		**41**	**2**
Gain (-)/loss on disposal of fixed assets		3	- 50
Interest income (-)/charge		38	52
Change in working capital			
Inventories movement per consolidated statement of financial position		- 24	- 74
Trade and other receivable and other assets movement per consolidated statement of financial position		- 247	- 105
Trade and other payable movement per consolidated statement of financial position		431	258
As it appears in the consolidated statement of financial position and corrected by:		**160**	**79**
Non-cash items[1]		37	98
Change in inventories and bad debt provisions disclosed separately under operating cash flow		- 7	2
Currency translation adjustments		- 37	42
As it appears in the consolidated cash flow statement		**153**	**221**

1 Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to stock rewards.

38. Financial instruments by category

December 31, 2021 € million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	**Total**
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	225	0	0	179	404
Derivative financial assets	39	0	58	12	0	70
Trade and other receivables (including pre-paid expenses)	25	1 239	0	0	0	1 239
Cash and cash equivalents	26	1 263	0	0	0	1 263
Total		**2 727**	**58**	**12**	**179**	**2 976**

December 31, 2021 € million	Note	Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	**Total**
Liabilities as per statement of financial position					
Borrowings	29	0	0	1 307	1 307
Bonds	30	- 5	0	821	816
Derivative financial liabilities	39	41	69	0	110
Trade and other liabilities	35	0	0	2 641	2 641
Other financial liabilities (excluding derivative financial instruments)	31	3	0	0	3
Total		**39**	**69**	**4 769**	**4 877**

December 31, 2020 € million	Note	Assets at amortized cost	Assets at fair value through the profit and loss (FVPL)	Assets used for hedging	Assets at fair value through other comprehensive income (FVOCI)	**Total**
Assets as per statement of financial position						
Financial assets and other assets (excluding derivative financial instruments and associates)	23	217	0	0	115	332
Derivative financial assets	39	0	52	86	0	138
Trade and other receivables (including pre-paid expenses)	25	1 031	0	0	0	1 031
Cash and cash equivalents	26	1 336	0	0	0	1 336
Total		**2 584**	**52**	**86**	**115**	**2 837**

December 31, 2020 € million	Note	Liabilities at fair value through the profit and loss (FVPL)	Liabilities used for hedging	Liabilities at amortized cost	**Total**
Liabilities as per statement of financial position					
Borrowings	29	0	0	1 710	1 710
Bonds	30	14	0	1 023	1 037
Derivative financial liabilities	39	81	9	0	90
Trade and other liabilities	35	0	0	2 229	2 229
Other financial liabilities (excluding derivative financial instruments)	31	- 1	0	0	- 1
Total		**94**	**9**	**4 962**	**5 065**

39. Derivative financial instruments

€ million	Note	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020
Forward foreign exchange contracts – cash flow hedges		11	86	69	5
Forward foreign exchange contracts – fair value through profit and loss		50	37	29	81
Foreign exchange options – net investment hedges		0	0	0	0
Interest rate derivatives – cash flow hedges		1	0	0	4
Interest rate derivatives – fair value through profit and loss		8	15	12	0
Total		**71**	**138**	**110**	**90**
Of which:					
Non-current	23, 31	9	15	12	3
Current	23, 31	61	123	98	87

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The cash flow hedges entered into by the Group were assessed to be highly effective and over 2021, a net unrealized gain of € -141 million (2020: net unrealized loss of € 84 million) after deferred taxes was included in equity in respect of these contracts. These gains/losses will be recycled to the profit or loss in the period during which the hedged forecast transactions affect the profit or loss.

The ineffective portion recognized in the profit or loss that arises from cash flow hedges amounts to € 0 million (2020: € 0 million).

39.1 Foreign currency derivatives

The Group policy with respect to the use of financial derivative contracts is described in Note 5 "Financial Risk Management".

The Group entered into several forward foreign exchange contracts in order to hedge a portion of highly probable future sales and royalty income, expected to occur in 2021 and 2022.

The fair values of the foreign currency derivative contracts are as follows:

€ million	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020
USD	44	112	92	78
GBP	2	1	0	2
JPY	7	7	1	0
CHF	7	0	0	2
RUB	0	0	0	0
Other currencies	2	3	5	3
Total foreign currency derivatives	**62**	**123**	**98**	**85**

The net foreign currency derivatives maturity analysis is noted below:

€ million	2021	2020
1 year or less	- 37	38
1 to 5 years	0	0
Beyond 5 years	0	0
Total foreign currency derivatives – net asset/net liability (-)	**- 37**	**38**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at December 31, 2021:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	Other currencies	**Total**
Forward contracts	60	32	295	65	2	185	639
Currency swaps	2 261	27	1 754	559	9	109	4 719
Option/collar	0	0	0	0	0	0	0
Total	**2 321**	**59**	**2 049**	**624**	**11**	**294**	**5 358**

39.2 Interest rate derivatives

The Group uses various interest rate derivative contracts to manage its exposure to interest rate movements on its borrowings. The re-pricing dates and amortization characteristics are aligned with those of the fixed rate bonds. The outstanding interest rate derivative contracts are as follows:

Contract type	Nominal values of contracts (million)	Average rate[1]	Plus margin of points[1]	For periods from	For periods to	Floating interest receipts
IRS	EUR 175	1.91%		02-Oct-16	02-Oct-23	-EURIBOR 3M
CCIRS	USD 230	-USD LIBOR 3 Months	-0.16%	03-Oct-16	02-Oct-23	EURIBOR 3M
CCIRS	EUR 205	USD LIBOR 3 Months	0.45%	03-Oct-16	02-Oct-23	-EURIBOR 3M
IRS	USD 150	-0.55%		02-Jul-20	03-Jul-23	USD LIBOR 3 Months
IRS	USD 150	-0.56%		02-Jul-20	03-Jul-23	USD LIBOR 3 Months
IRS	USD 150	-0.56%		02-Jul-20	03-Jul-23	USD LIBOR 3 Months
IRS	EUR 125	-0.21%		30-Mar-21	30-Mar-28	-EURIBOR 6M
IRS	EUR 75	-0.24%		01-Apr-21	01-Oct-27	-EURIBOR 6M
IRS	EUR 125	-0.22%		30-Mar-21	30-Mar-28	-EURIBOR 6M
IRS	EUR 75	-0.26%		01-Apr-21	01-Oct-27	-EURIBOR 6M
IRS	EUR 125	-0.23%		30-Mar-21	30-Mar-28	-EURIBOR 6M
IRS	EUR 125	-0.23%		30-Mar-21	30-Mar-28	-EURIBOR 6M

1 Negative is payer, positive is receiver

39.3 Hedge of net investment in a foreign entity

Any unrealized cumulative foreign exchange gains or losses resulting from net investment hedges are taken up under Cumulative Translation Adjustments. These unrealized gains and losses will remain in equity and will only be recycled to profit or loss when the Group no longer holds the underlying assets.

40. Leases

40.1 Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

€ million	Note	2021	2020
Buildings	22	122	93
Plant and machinery	22	0	1
Office equipment and vehicles	22	32	35
Total right-of-use assets		**154**	**129**
Non-current	29	97	75
Current	29	39	35
Total lease liabilities		**136**	**110**

Additions to the right-of-use assets during the 2021 financial year were € 63 million.

As per December 31, 2021, no residual value guarantees are included in the lease liabilities.

As per December 31, 2021, no lease commitments for leases not yet commenced.

40.2 Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

€ million	Note	2021	2020
Depreciation charge of right-of-use assets	22	**44**	**48**
Buildings	22	24	28
Plant and machinery	22	1	1
Office equipment and vehicles	22	19	19
Interest expense (included in Financial expenses)	17	3	3
Expense relating to short-term leases		4	3
Expense relating to leases of low-value assets that are not short-term leases		8	7
Expense relating to variable lease payments not included in lease liabilities		0	0
Total expense related to leases		**59**	**61**

The total cash outflow for leases in 2021 was € 40 million. In 2021 there was no material income from subleasing.

41. Earnings per share

41.1 Basic earnings per share

€	2021	2020
From continuing operations	5.59	3.87
From discontinued operations	0.01	0
Basic earnings per share	**5.60**	**3.87**

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

41.2 Diluted earnings per share

€	2021	2020
From continuing operations	5.44	3.77
From discontinued operations	0.01	0
Diluted earnings per share	**5.45**	**3.77**

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, adjusted by the number of dilutive potential ordinary shares attached to the issuance of stock options, stock awards and performance shares.

The number of dilutive potential ordinary shares is calculated based on the average number of stock options outstanding during the reporting period as the difference between the average market price of ordinary shares during the reporting period and the weighted average exercise price of the stock options and on the average number of stock awards and performance shares outstanding during the reporting period. Stock options only have a dilutive effect when the average market price is above the exercise price (stock options are "in the money").

For the purpose of calculating dilutive earnings per share, there were no adjusting elements to the profit attributable to shareholders of the Company.

41.3 Earnings

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

Basic

€ million	2021	2020
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	1 056	732
Profit/loss (-) from discontinued operations	3	0
Profit attributable to shareholders of UCB SA	**1 058**	**732**

Diluted

€ million	2021	2020
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	1 056	732
Profit/loss (-) from discontinued operations	3	0
Profit attributable to shareholders of UCB SA	**1 058**	**732**

41.4 Number of shares

Thousands of shares	2021	2020
Weighted average number of ordinary shares for basic earnings per share	188 973	189 035
Weighted average number of ordinary shares for diluted earnings per share	194 177	194 245

42. Dividend per share

The gross dividends paid in 2021 (in respect of the year ended December 31, 2020) and 2020 (in respect of the year ended December 31, 2019) were € 240 million (€ 1.27 per share) and € 239 million (€1.24 per share) respectively.

A dividend in respect of the year ended December 31, 2021 of € 1.30 per share, amounting to a total dividend of € 246 million, is to be proposed at the annual general meeting of the shareholders on April 28, 2022.

In accordance with IAS 10, events after the reporting period, the proposed dividend has not been recognized as a liability at year-end.

43. Commitments and contingencies

43.1 Capital and other commitments

At December 31, 2021, the Group has committed to spend € 131 million (2020: € 150 million) mainly with respect to expected capital expenditures for the new biological production unit, the new Gene-Therapy plant, lab and other equipment and office refurbishment works on the Braine site (Belgium).

UCB has entered into long-term development agreements with various pharmaceutical enterprises, clinical trial operators and financial investors. Such collaboration agreements may include milestone payments which are dependent on successful clinical development or on meeting specified sales targets.

The table below sets out the maximum that would be paid if all milestones, however unlikely, are achieved but excludes variable royalty payments based on unit sales and amounts accrued for milestones already achieved. The amounts are not risk-adjusted or discounted, and the timing of the payments is based on the Group's current best estimate of achievement of the relevant milestones.

The amounts are not risk-adjusted or discounted, and the timing of the payments is based on the Group's current best estimate of achievement of the relevant milestones.

€ million	2021	2020
Less than 1 year	46	147
Between 1 and 5 years	275	492
More than 5 years	805	781
Total	**1 126**	**1 420**

UCB has concluded several agreements with Contract Manufacturing Organizations for the supply of its products. Total outstanding commitments towards these CMOs amount to € 563 million as per end of 2021 until 2031 (2020: € 536 million until 2030). If contractually agreed milestones, mainly dependent on future successful clinical development, are reached, this amount of contingent payments may increase to € 740 million.

As part of UCB's innovation strategy, UCB has established a corporate venture fund, UCB Ventures. The main objectives of the fund are to add breadth to UCB's innovation ecosystem, to create a window on new technologies, products, platforms and channels to augment or complement UCB's existing activities, to develop network and strategic relationships in the venture capital investor community to identify opportunities that UCB might not otherwise see. Within this framework UCB has outstanding commitments at the end of 2021 for a total amount of € 22 million relating to investments in venture capital funds.

43.2 Guarantees

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

43.3 Contingencies

The Group continues to be actively involved in litigations, claims and investigations. The ongoing matters could result in liabilities, civil and criminal penalties, loss of product exclusivity and other costs, fines and expenses associated with findings adverse to UCB's interests. Potential cash outflows reflected in a provision might be fully or partially off-set by insurance in certain circumstances. UCB has not established provisions for potential damage awards for certain additional legal claims against our subsidiaries if UCB currently believes that a payment is either not probable or cannot be reliably estimated.

1. Intellectual property matters (selected matters)

We vigorously protect our patent portfolio and our ability to bring medicines to patients as we deem necessary. Consequently, UCB is involved in various litigation matters as a plaintiff in various jurisdictions in the U.S. and Europe.

TOVIAZ®

Germany

Inventor compensation dispute whereby two former Schwarz inventors have filed 3 complaints against UCB alleging that the assignment of rights under the TOVIAZ® formulation patents is invalid and hence royalties from Pfizer should be paid to them. Trial was scheduled for June 2021 but was cancelled. UCB filed a petition for legal review with the German Supreme Court.

VIMPAT®

Germany

Inventor compensation dispute whereby two inventors of the improved *lacosamide* manufacturing route seek compensation based on product revenue. In 2021, the lower and appellate courts accepted the inventors' argument. A hearing regarding potential compensation is expected in 2022.

NEUPRO®

United States

In 2019, UCB filed separate lawsuits against Actavis and Mylan to enforce certain NEUPRO® patents. In April 2021, the federal court in the Actavis case ruled the patent invalid. UCB appealed. At the request of the parties, the appellate court has agreed to consolidate both cases for appeal.

Europe

In 2018, Mylan and Luye sought to invalidate the NEUPRO® reformulation patent. The judge ruled in UCB's favor. Luye appealed. Mylan waived its right to appeal.

BRIVIACT®

United States

Eight generic companies filed Abbreviated New Drug Applications (ANDAs). UCB filed complaints in Delaware federal court against all 8 companies. Subsequently, one of the companies (Microlabs) discontinued its challenge of our patent. Settlement agreements were recently signed with two defendants. Trial is anticipated to take place in 2022.

NAYZILAM®

United States

Cipla filed an ANDA challenging the validity of certain NAYZILAM® patents. UCB filed a lawsuit against Cipla. Cipla stipulated to infringement. Trial is anticipated to take place in 2023.

2. Product liability matters

Distilbène product liability litigation – France

France Entities of the UCB Group have been named as defendants in several product liability cases in France. The claimants in these actions claim that their mothers took Distilbène, a former product of the UCB Group, during their pregnancy, and that as a result of this they suffered bodily injuries. The Group has product liability insurance in place, but the insurance coverage will likely not be sufficient. the Group has accounted for a provision (refer to Note 34).

Opioid Litigation

UCB, Inc. ("UCB") has been named as a defendant in 13 lawsuits in connection with the national opioid litigation in the United States. The plaintiffs are government municipalities or health care entities claiming damages related to the promotion, sale and distribution of opioids. UCB has 5 cases in the federal multi-district litigation (MDL) and 8 in Utah state court. In all cases, UCB is among numerous defendants. To date, only 1 UCB case in Utah has been selected for a trial to proceed (Washington County, Utah).

Additionally, UCB is contractually obligated to indemnify one of its former contract manufacturers who is currently a defendant in 4 cases. UCB controls the defense of these cases.

3. Investigations

CIMZIA® Investigation

In March 2019, UCB, Inc. received a Civil Investigative Demand (CID) from the U.S. Department of Justice (DOJ) and a subpoena from the Department of Health and Human Services (HHS) Office of Inspector General (OIG) both seeking information relating to the sales and marketing practices and pricing of CIMZIA® for the periods from 2011 and 2008, respectively, to date. On March 27, 2020, UCB was informed that DOJ was suspending the inquiry initiated by its office in Georgia. The Company is cooperating fully with DOJ and OIG.

4. Concluded legal matters

CIMZIA California Department of Insurance (CDI) Investigation

In Dec. 2020, UCB was contacted by CDI regarding an investigation CDI was conducting relating to the sale and promotion of CIMZIA. In September 2021, CDI closed its investigation and withdrew its subpoena.

It is not anticipated that any other material liabilities will arise from the contingent liabilities other than those provided for (refer to Note 34).

44. Related party transactions

44.1 Intra-group sales and services

During the financial years ended December 31, 2021 and 2020, all intra-UCB Group transactions were carried out based on assessments of mutual economic benefit to the parties involved, and the applicable conditions were established in accordance with criteria of at arm's length negotiations and fair dealing, and with a view to creating value for the entire UCB Group. Conditions governing intra-UCB Group transactions were similar to conditions governing third-party transactions.

With regard to the sale of intermediary and finished products, these criteria were in most cases achieved by increasing each party's respective production cost by an at arm's length profit margin. With regard to intra-UCB Group services rendered, these criteria are accompanied by the principle of charging fees sufficient to cover each party's respective incurred costs and an at arm's length mark-up. Intra-Group transactions carried out within the UCB Group constitute standard transactions for a biopharmaceutical Group. These transactions include the purchase and sale of intermediary and finished medical products, deposits and loans for UCB Group affiliates as well as functions and activities carried out by the UCB Group in order to optimize operations.

44.2 Financial transactions with related parties other than UCB SA affiliates

During 2021 there have been no financial transactions with related parties other than affiliates of UCB SA.

44.3 Key management compensation

Key management compensation as disclosed below comprises compensation recognized in the income statement for members of the Board of Directors and the Executive Committee, for the portion of the year where they exercised their mandate.

€ million	2021	2020
Short-term employee benefits	18	18
Termination benefits	0	7
Post-employment benefits	3	3
Share-based payments	6	8
Total key management compensation	**27**	**36**

Short-term employee benefits include salaries (including social security contributions), bonuses earned during the year, car leasing and other allowances where applicable. Share-based compensation includes the amortization over the vesting period of the fair value of equity instruments granted, and comprises share options, share awards and performance shares further explained in Note 28. The termination benefits contain all compensated amounts, including benefits in kind and deferred compensation. There have been no loans granted by the Company or a subsidiary of the Group to any Director or officer of the Group, nor any guarantees given with respect hereto.

44.4 Shareholders and shareholders structure

The main shareholder of UCB is Financière de Tubize SA (also referred to herein as the "Reference Shareholder" or "Tubize"), a Belgian company listed on Euronext Brussels, holding 68 333 981 UCB shares on a total number of 194 505 658 (i.e. 35.13%) as at December 31, 2021.

Based on the transparency declarations received by Tubize and, as the case may be, more recent public disclosures, the shareholder structure of Tubize per December 31, 2021 can be summarized as follows:

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

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

The reference shareholders of Tubize, belonging to the Janssen family, act in concert, i.e. they have entered into a shareholders' agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to Tubize and concerning the possession, acquisition or transfer of voting securities cf. article 3, §1, 13°, a), b) and c) of the Law on the disclosure of large shareholdings and article 3, §1, 5°, a) and b) of the Law on public takeover bids.

UCB also holds UCB shares (see below for an overview of its shareholdings at December 31, 2021). The remaining UCB shares are held by the public.

Please find below an overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of May 2, 2007, on the disclosure of large shareholdings (situation as at December 31, 2021):

UCB Controlling and major shareholdings on December 31, 2021

Situation as per December 31, 2021

	Share capital (€)	**€ 583 516 974**		**Mar 13, 2014**
	Total number of voting rights (=denominator)	**194 505 658**		**Mar 13, 2014**
1	**Financière de Tubize SA ('Tubize')**			
	securities carrying voting rights (shares)	68 333 981	35.13%	May 21, 2021
2	**UCB SA/NV**			
	securities carrying voting rights (shares)	5 331 781	2.74%	Dec 31, 2021
	assimilated financial instruments (options)[1]	0	0.00%	Mar 6, 2017
	assimilated financial instruments (other)[1]	0	0.00%	Dec 18, 2015
	Total	**5 331 781**	**2.74%**	
	Free float[2] (securities carrying voting rights (shares))	**120 839 896**	**62.13%**	
3	**Wellington Management Group LLP**			
	securities carrying voting rights (shares)	14 516 633	7.46%	Sep 1, 2021
4	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	9 412 691	4.84%	Jan 13, 2020
5	**FMR LLC**			
	securities carrying voting rights (shares)	9 728 407	5.00%	Jul 30, 2021

All percentages are calculated on the basis of the current total number of voting rights

[1] Assimilated financial instruments within the meaning of article 6, section 6 of the Law of May 2, 2007 on the disclosure of large shareholdings.

[2] Free float being the UCB shares not held by the reference shareholder (Tubize) and UCB SA/NV. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation; assimilated financial instruments are excluded.

45. Events after the statement of financial position date

On 18 January 2022, UCB has entered into a definitive agreement under which UCB would acquire Zogenix, Inc. (NASDAQ: ZGNX), a global biopharmaceutical company commercializing and developing therapies for rare diseases. Under the terms of the agreement, UCB commenced a tender offer to purchase all outstanding shares of Zogenix for a purchase price per share of US$ 26.00 in cash at closing, plus a contingent value right (CVR) for a potential cash payment of US$ 2.00 upon EU approval by December 31, 2023, of FINTEPLA® as an orphan medicine for treatment of Lennox-Gastaut syndrome (LGS). The total transaction is valued at up to approximately US$ 1.9 billion/€ 1.7 billion. The board of directors of both companies have unanimously approved the transaction, the closing of which remains subject to the tender of shares representing at least a majority of the total number of Zogenix's outstanding shares, receipt of required antitrust clearances, and other customary conditions. The transaction is expected to close by the end of the second quarter of 2022.

46. UCB Companies (fully consolidated)

Name and office	Holding	Majority controlling shareholder
Armenia		
Nile AI LLC[5] 15 Nar Dos, 1st Lane, Yerevan	100%	Nile AI, Inc.
Australia		
UCB Australia Pty. Ltd. Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	UCB SA
Engage Therapeutics Australia Pty. Ltd. Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	Engage Therapeutics, Inc
Austria		
UCB Pharma Gesellschaft m.b.H. Twin Tower, Wienerbergstrasse 11/12a, 1100 Wien	100%	UCB Pharma SA
Belgium		
UCB Fipar SA Allée de la Recherche, 60 – 1070 Brussels (BE0403.198.811)	100%	UCB Belgium SA
UCB Biopharma SRL Allée de la Recherche, 60 – 1070 Brussels (BE0543.573.053)	100%	UCB Pharma SA
UCB Belgium SA Allée de la Recherche, 60 – 1070 Brussels (BE0402.040.254)	100%	UCB Pharma SA
UCB Pharma SA Allée de la Recherche, 60 – 1070 Brussels (BE0403.096.168)	100%	UCB SA
Sifar SA Allée de la Recherche, 60 – 1070 Brussels (BE0453.612.580)	100%	UCB Pharma SA
UCB Ventures SA Allée de la Recherche, 60 – 1070 Brussels (BE0667 816 096)	100%	UCB SA
UCB Ventures Belgium SA Allée de la Recherche, 60 – 1070 Brussels (BE0668 388 891)	100%	UCB Ventures SA
Handl Therapeutics BV[1] Gaston Geenslaan 1, 3001 Leuven (BE0735.503.488)	100%	UCB Biopharma SRL
Brazil		
UCB Biopharma Ltda Av. Presidente Juscelino Kubitschek, nº 1327, 5° andar, Condominio Edificio Intemacional Plaza II – CEP: 04543-011 São Paulo	100%	UCB SA
Bulgaria		
UCB Bulgaria EOOD 2B Srebarna street, fl. 9, office 8B, Lozenetz, Sofia 1407	100%	UCB SA
Canada		
UCB Canada Inc. – 2201 Bristol Circle, Suite 602 – ON L6H0J8 Oakville	100%	UCB Holdings Inc.
China		
UCB Trading (Shanghai) Co Ltd – Suite 317, 439 No.1 Fu Te Road West, Shanghai (Pilot Free Trade Zone)	100%	UCB SA
UCB Pharma (Hong Kong) Ltd – Rooms 156 & 157, 20/F, Cityplaza Three, 14 Taikoo Wan Road, Tai Koo	100%	UCB Pharma GmbH
UCB Pharma (Zhuhai) Company Ltd – Section A., Workshop, No.3 Science & Technology 5th Road, Innovation Coast, National Hi-Tech Industrial Development Zone – Zhuhai Guangdong Province	100%	UCB Pharma GmbH
Czech Republic		
UCB S.R.O. – Jankovcova 1518/2 – 170 00 Praha 7	100%	UCB SA
Denmark		
UCB Nordic AS – Edvard Thomsens Vej 14, 7 – 2300 Copenhagen	100%	UCB Pharma SA

Name and office	Holding	Majority controlling shareholder
Finland		
UCB Pharma Oy Finland Bertel Jungin aukio 5 , 6.krs – 02600 Espoo	100%	UCB Pharma SA
France		
UCB Pharma SA Défense Ouest 420, rue d'Estienne d'Orves – 92700 Colombes	100%	UCB SA
Germany		
UCB Pharma GmbH Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB GmbH
UCB GmbH Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma SA
UCB BioSciences GmbH Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma SA
Cosmix Verwaltungs GmbH Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	Ra Pharmaceuticals, Inc.
Greece		
UCB A.E. 63 Agiou Dimitriou Street – 17456 Alimos – Athens	100%	UCB SA
Hungary		
UCB Hungary Ltd Obuda Gate Building Arpád Fejedelem ùtja 26-28 – 1023 Budapest	100%	UCB SA
India		
UCB India Private Ltd Building No. – P3, Unit No. – 103, 1st Floor, Prithvi Complex, Kalher Pipe Line, Kalher, Bhiwandi, Thane, 421302 Maharashtra	100%	UCB SA
Uni-Mediflex Private Ltd[2] Building No. – P3, Unit No. – 103, 1st Floor, Prithvi Complex, Kalher Pipe Line, Kalher, Bhiwandi, Thane, 421302 Maharashtra	100%	UCB SA
Ireland		
UCB (Pharma) Ireland Ltd United Drug House Magna Drive, Magna Business Park, City West Road – Dublin 24	100%	UCB SA
UCB Manufacturing Ireland Ltd Shannon Industrial Estate – Shannon, County Clare	100%	UCB SA
Italy		
UCB Pharma SpA Via Varesina 162 – 20156 Milano	100%	UCB SA
Japan		
UCB Japan Co Ltd Shinjuku Grand Tower, 8-17-1 Nishi-Shinjuku 160-0023 Shinjuku, Tokyo	100%	UCB SA
Luxembourg		
Edev Sàrl[4] Rue Eugène Ruppert, 5C – 2453 Luxembourg	0%	n/a
Malaysia		
UCB Trading (Malaysia) Sdn. Bhd.[2] Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	100%	UCB SA

Name and office	Holding	Majority controlling shareholder
Mexico		
UCB de Mexico SA de C.V. Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepe c I sección, Alcaldía Miguel Hidalgo, 11589 Mexico D.F.	100%	UCB SA
Vedim SA de C.V.[3] Calzada Mariano Escobedo 595, Piso 3, Oficina 03/100, Colonia Rincón del Bosque, Bosque de Chapultepec I sección, Alcaldía Miguel Hidalgo, 11589 Mexico D.F.	100%	UCB SA
Netherlands		
UCB Finance N.V.[2] Hoge Mosten 2 – 4822 NH Breda	100%	UCB SA
UCB Pharma B.V. (Netherlands) Hoge Mosten 2 – 4822 NH Breda	100%	UCB Pharma SA
Norway		
UCB Pharma A.S. Haakon VIIs gate 6 – 0161 Oslo	100%	UCB Pharma SA
Poland		
Vedim Sp. z.o.o. Ul. L. Kruczkowskiego, 8, 00-380 Warszawa	100%	UCB SA
UCB Pharma Sp. z.o.o. Ul. L. Kruczkowskiego, 8, 00-380 Warszawa	100%	UCB SA
Portugal		
UCB Pharma (Produtos Farmaceuticos) Lda Rua do Silval, nº 37, piso 1, S1.3, 2780-373 Oeiras	100%	UCB SA
Romania		
UCB Pharma Romania S.R.L. 165 Calea Floreasca, One Tower Building, 3rd Floor, 1st district, Bucharest 14459	100%	UCB SA
Russia		
UCB Pharma LLC Shturvaluaya 5 bldg 1 – 125364 Moscow	100%	UCB SA
UCB Pharma Logistics LLC 1st Krasnogvardeyskiy proezd 15, floor 13, office 2, room 35, premises 1 – 123100 Moscow	100%	UCB SA
South Korea		
UCB Korea Co Ltd. 4th Floor, A+ Asset Tower, 369 Gangnam-daero, Seocho-gu, 06621 Seoul	100%	UCB SA
Spain		
UCB Pharma SA Plaza de Manuel Gómez Moreno, s/n, Edificio Bronce, 5th floor – 28020 Madrid	100%	UCB SA
Sweden		
UCB Pharma AB (Sweden) Mäster Samuelsgatan 60 – 111 21 Stockholm	100%	UCB Pharma SA
Switzerland		
UCB Farchim SA (A.G.-Ltd.) ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Pharma SA
Doutors Réassurance SA ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB-Pharma AG ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA
UCB Medical Devices SA ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Farchim SA

Name and office	Holding	Majority controlling shareholder
Taiwan		
UCB Pharmaceuticals (Taiwan) Ltd 12F.-2, No.88, Dunhua N. Rd., Songshan Dist, 10551 Taipei	100%	UCB SA
Thailand		
UCB Trading (Thailand) Ltd[2] No. 984/79 PM Riverside Condominium, 25th fl., Rama 3 Road, Kwaeng Bang Phong Pang, Khet Yannawa – 10500 Bangkok	100%	UCB SA
Turkey		
UCB Pharma A.S. Palladium Tower, Barbaros Mah., Kardelen Sok. No.2, Kat.24/80, 34746 Istanbul	100%	UCB SA
U.K.		
UCB (Investments) Ltd 208 Bath Road, Slough, Berkshire SL1 3WE	100%	UCB SA
Celltech Group Ltd 208 Bath Road, Slough, Berkshire SL1 3WE	100%	UCB (Investments) Ltd.
Celltech R&D Ltd 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
Darwin Discovery Ltd 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
UCB Pharma Ltd 208 Bath Road, Slough, Berkshire SL1 3WE	100%	Celltech Group Ltd
Schwarz Pharma Ltd *in liquidation*[2] 1 Hill House, Little New Street London EC4A 3TR	100%	Celltech Group Ltd
Ukraine		
UCB Ukraine LLC 19 Grygoriya Skovorody Str., Business – center "Podol Plaza" – 04070 Kiev	100%	UCB Pharma GmbH
U.S.		
UCB Holdings, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Pharma SA
UCB, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
UCB Biosciences, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
UCB Manufacturing, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
Element Genomics, Inc.[3] Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Biosciences Inc.
Ra Pharmaceuticals, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
Engage Therapeutics, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.
Nile AI, Inc. Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Holdings Inc.

1 Handl Therapeutics BV has merged with UCB Biopharma SRL on 1 July 2021.

2 These Companies have been liquidated during 2021: Schwarz Pharma Ltd. on 13 January 2021, UCB Trading (Malaysia) Sdn. Bhd on 5 March 2021, UCB Finance N.V (Netherlands) on 6 April 2021, Uni-Mediflex Private Ltd (India) on 2 July 2021 and UCB Trading (Thailand) Ltd on 10 November 2021. All companies are included in the Consolidated Financial Statements for 2020 and 2021 (up to their liquidation date).

3 Element Genomics, Inc (U.S.) and Vedim SA de C.V. (Mexico) have merged respectively with UCB Biosciences, Inc. and UCB de Mexico S.A. de C.V. on 1 January 2022 and are included in the Consolidated Income Statement for 2020 and 2021.

4 Edev Sàrl is included in the consolidated income statement for 2020 and 2021 until 26 March 2021, date as from which the Group has no longer control over this company.

5 Nile LLP, Armenia has been included in UCB's consolidated financial statements as of March 19, 2021.

4. Responsibility statement

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of December 31, 2021, prepared in accordance with International Financial Reporting standards (IFRS), as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed by **Jean-Christophe Tellier** (CEO) and **Sandrine Dufour** (CFO)

on behalf of the Board of Directors

5. Statutory auditor's report

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of UCB SA (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the audit of the consolidated accounts, as well as the report on other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of 29 April 2021, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the consolidated accounts prepared on 31 December 2023. We have performed the statutory audit of the consolidated financial statements of the Company for the first time this year.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR 14.210 million and a profit for the year (attributable to equity holders) of EUR 1.058 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised in the US

Refer to Notes 3.7.1, 4.2.1 and 35

Description of the Key Audit Matter

In the US, the UCB Group sells products to various customers that are part of commercial and governmental contractual arrangements or other reimbursement programmes (Medicaid, Medicare or equivalent scheme). This process leads to significant adjustments to the gross sales in the form of rebates, chargebacks, discounts and product returns. We identified this matter as a key audit matter because significant amounts of these unsettled adjustments are recorded as accruals in the balance sheet at year-end. The process for determining these accruals is complex and depends on contract terms and regulation, as well as forecasts of sales volumes by channel and estimates on expected returns of products. As disclosed in Note 35, the amount of the accruals at 31 December 2021 is EUR 761 million (EUR 554 million as per 31 December 2020).

How our audit addressed the Key Audit Matter

Our testing focused on the accruals for sales rebates, chargebacks, discounts and product returns recognised at the year-end as the process for these accruals involves the use of large volumes of data, regarding sales volumes and discounts from multiple sources, which, taken together, require significant management judgement in a complex US healthcare environment.

We obtained management's calculations of the accruals for sales rebates, chargebacks, discounts and product returns and tested the inputs into the accrual calculations. We performed the following procedures:

- We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to calculate and record the year-end balances.
- We tested the mathematical accuracy of the year-end balances and compared such amounts to our own independently developed expectations (substantive analytics). Our independent expectations were developed based on sales figures, historical rebate invoices received, adjusted for current volumes, rebate rates as included in sales contracts and agreements with third parties and adjusted for any Company or industry specific factors.

- We assessed the key judgements and assumptions within management's analysis and we considered other known factors such as generic entrants and government, legal or regulatory information, as applicable. We assessed the assumptions used to determine the standard lag times for commercial rebates, Medicare rebates, Medicaid rebates, cash discounts, chargebacks and returns.
- We examined third party statements and data such as external data, we sampled rebate and chargeback invoices processed subsequently to year end and we assessed management's estimates of channel inventory.
- We benchmarked with peers (listed and non-listed).
- We performed back-testing that compared accruals recognised in previous periods to actual rebates, chargebacks, discounts or returns received in order to test management's historical accuracy in calculating these accruals.

In determining the appropriateness of the revenue recognition policy in accordance with IFRS 15 applied by management in calculating sales rebates, chargebacks, discounts and product returns under contractual and regulatory requirements, there is room for judgement. We did not identify any material differences between our independent expectations and the accruals and we found the judgements made by management to be reasonable. Also, the policies applied are consistent in all material respects with IFRSs as adopted by the European Union.

Carrying value of goodwill and intangible assets

Refer to Notes 3.10, 3.14, 3.15, 4.2.2, 14, 20 and 21

Description of the Key Audit Matter
The UCB Group has EUR 3.159 million of intangible assets (31 December 2020 – EUR 2.973 million), comprising significant licenses, patents and acquired trademarks, and EUR 5.173 million of goodwill at 31 December 2021 (31 December 2020 – EUR 4.964 million).

The carrying values of goodwill and intangible assets are contingent on future cash flows and if these cash flows do not meet the Group's expectations, there is risk that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant judgements and estimates including revenue growth, the success of new product launches, patent expiry dates, profit margins, terminal values and discount rate. Changes in these assumptions might lead to a change in the carrying value of intangible assets and goodwill. We therefore determined that this matter was of most significance in our audit.

As indicated in Note 21, the Group operates in one segment and has therefore one single cash-generating unit ("CGU"), Biopharmaceuticals, for goodwill impairment testing purposes

How our audit addressed the Key Audit Matter
We obtained the UCB Group's impairment evaluation analyses and performed the following procedures:

- We tested the reasonableness of the methodology and the key assumptions, including profit and cash flow growth, terminal values, the impact of the expiry of patents, pricing impacts, potential product obsolescence, the probability of success for pipeline products and the selection of discount rates.
- We have assessed management's substantiation of its assumptions, including comparing relevant assumptions to industry and economic forecasts. In doing this, we worked with our internal valuation specialists.
- We have also evaluated the process to prepare the Group's strategic plan that was approved by UCB's board of directors.
- We obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and we performed our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment.
- We also assessed the reasonability of the forecasted discounted cash flows by comparing those to the Group's market capitalisation.

Management's review of the recoverable amounts of the Group's assets did not result in the recognition of impairment charges in 2021 (see Note 14). As a result of our work, we concur with this position. In addition, we found that management's judgements were supported by reasonable assumptions that would require unreasonable downside changes before any material impairment was necessary.

In respect of the Biopharmaceuticals CGU, we confirmed that this is the lowest level at which management monitors goodwill for internal purposes, that it is consistent with how the Group's results

and financial position are reported to the executive committee and the board of directors and that it thus complies with IFRS as adopted by the European Union.

Recognition of deferred tax assets and uncertain tax positions

Refer to Notes 3.12, 4.2.5, 32 and 36

Description of the Key Audit Matter
The UCB Group has significant tax losses from past business performance. There is inherent uncertainty involved assessing both the availability of losses and tax credits and in forecasting future taxable profits, which determines the extent to which deferred tax assets are recognised. Additionally, the availability and the amount of the tax losses and tax credits can be impacted by ongoing tax audits.

At 31 December 2021, the Group has recognised EUR 501 million of net deferred tax assets (31 December 2020 – EUR 437 million). The process for the determination of deferred tax assets is complex and involves a significant amount of judgement. Consequently, we consider the recognition of deferred tax assets as significant matter of our audit of the financial statements.

The group operates in a complex multinational tax environment and there are open tax and transfer pricing matters with tax authorities. Judgement is required in assessing the level of provisions required in respect of uncertain tax positions. We therefore also consider the provisions for uncertain tax positions as a key audit matter. At 31 December 2021, the Group has recognised provisions of EUR 156 million in respect of uncertain tax positions (31 December 2020 – EUR 155 million). Liabilities for uncertain tax positions are recorded when the Group considers it probable that a tax position taken is unlikely to be sustained if challenged by the tax authorities and after exhausting all legal remedies.

The Group has also recorded income tax receivables for tax relief following Mutual Agreement procedures for an amount of EUR 26 million (31 December 2020 – EUR 25 million). Assets for relief following Mutual Agreement procedures are recorded

when the Group considers it probable that a Mutual Agreement procedure may provide for a corresponding adjustment in one or more jurisdictions.

As a result of the above, on a net basis, the group has provided for a reserve of EUR 130 million (31 December 2020 – EUR 130 million) to cover for uncertain tax positions.

How our audit addressed the Key Audit Matter
We evaluated the appropriateness of the management's key assumptions and estimates, in particular the likelihood of generating sufficient future taxable profits to support the recognition of deferred tax assets.

We evaluated the possible effects of tax audit outcomes on the availability of tax losses and tax credits (and the need for recognizing a provision for uncertain tax positions, if deemed necessary).

We considered the status of recent and current tax authority audits, the outcome of previous audits, the judgmental positions taken in tax returns and current year estimates and developments in the tax environment.

We assessed and evaluated – together with our tax specialists – the correspondence with the relevant tax authorities and certain third party tax opinions. Based on this information, we analysed and challenged the assumptions used by management to determine tax provisions. We conclude that the provisions for uncertain tax positions are recognized in accordance with IFRIC 23.

We assessed whether the UCB Group's disclosures about the sensitivity of the recognition of deferred tax assets to reasonably possible changes in key assumptions reflected the associated inherent risks and the disclosures in respect of tax and uncertain tax positions.

As a result of our work, we determined that management's conclusions on the recognition of deferred tax assets and its recoverability are appropriate. We also determined that the provisions for uncertain tax positions and the related disclosures are acceptable.

Ongoing litigations, claims and regulatory investigations

Refer to Notes 3.28, 4.2.3, 34 and 43

Description of the Key Audit Matter
The pharmaceutical industry is a highly regulated industry, which increases the inherent risk for litigation, claims and regulatory investigations. The UCB Group is engaged in a number of legal actions, including product liability, commercial litigation and regulatory investigations, which could have a material impact on the financial statements.

The Group complies with the requirements of IAS 37 for the evaluation and recording of provisions for certain risks. The recording of a provision or contingent liability in order to cover the legal risk requires by nature the use of professional judgment due to the difficulty to estimate the outcome of litigations that may arise.

Due to the nature of the current procedures against the Group and given the use of estimation in the determination of the provisions, we consider the ongoing litigation, claims and regulatory investigations as a key audit matter.

At 31 December 2021, the Group held provisions of EUR 271 million (31 December 2020 – EUR 245 million) among others in respect of actual legal actions brought against the Group and disclosures have been made in Note 34 in relation to these provisions, as well as the disclosure of contingent liabilities in Note 43 relating to ongoing regulatory investigations or legal claims where the directors believe to have meritorious defences against the claims.

As disclosed in Notes 34 and 43, the Group is involved in several product liability cases related to the product Distilbène. In 2015, a provision was recognised for EUR 50 million representing the expected future cash flows exceeding the insurance coverage and is considered as a significant estimate. This provision amounted to EUR 133 million as at 31 December 2020 and amounts to EUR 124 million as at 31 December 2021.

How our audit addressed the Key Audit Matter
We have assessed the adequacy of the internal control system and tested the operating effectiveness of key controls related to the process of determining the provisions for litigation.

These controls mainly concern the identification of the files to be provisioned based on the motives of the dispute and the determination of the amount of the provisions estimated using the methodologies retained by the Group.

Our audit work has focused on the following:

- We discussed actual or pending legal and regulatory claims with the Group's General Counsel to update our understanding of the status of each case.
- We established our own expectation of the likely outcome and tested substantively the amount provided (e.g. Distilbène) by evaluating the assumptions used in measuring the provision by discussion and by reference to the actual (similar) court decisions, to available documentation such as correspondence with external legal counsels and by obtaining independent confirmations from the external legal counsels.
- We considered the completeness of legal and regulatory matters through inquiry with the Group's General Counsel and by reading minutes of meetings of the executive committee and the board of directors, and did not identify any other legal matters that had not already been disclosed to us.
- We evaluated the assumptions regarding the measurement of the provision related to the Distilbène product liability of EUR 124 million (31 December 2020 – EUR 133 million) by reference to the actual court decisions for closed Distilbène cases and the effect of newly initiated cases in the course of 2021. We discussed with UCB's management and assessed the assumptions used.

Our testing did not identify any material misstatements in the provisions recorded. We found that in the context of the Group financial statements, the judgements made by management and the provisions recorded are reasonable and the disclosures relating to legal and regulatory matters, provisions and contingent liabilities in Notes 34 and 43 were in accordance with the requirements of IFRSs as adopted by the European Union.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the director's report on the consolidated accounts, the non-financial information and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report, and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this report is consistent with the consolidated accounts for the year under audit, and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 3:32, §2 of the Companies' and Associations' Code is included in the directors' report on the consolidated accounts (UCB Group Integrated Annual Report 2021). The Company has prepared the non-financial information, based on GRI standards.

However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the GRI standards as disclosed in the directors' report on the consolidated accounts.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Single Electronic Format (ESEF)

We have also performed, in accordance with the standard on the audit of compliance of financial statements with the European Single Electronic Format (hereinafter "ESEF"), the audit of the compliance of the ESEF format with the technical regulatory standards defined by the Delegated European Regulation No. 2019/815 of December 17, 2018 (hereinafter "Delegated Regulation").

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements as an electronic file in ESEF format (hereinafter digital consolidated financial statements) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and XBRL markup of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

Based on our work, we are of the opinion that the format of and the tagging of information in the digital consolidated financial statements included in the annual financial report of the Group as at 31 December 2021 are, in all material respects, prepared in accordance with the ESEF requirements under the Delegated Regulation.

Other statements

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Brussels, February 23, 2022

MAZARS RÉVISEURS D'ENTREPRISES SCRL
Statutory Auditor

Represented by
Anton NUTTENS

6. Abbreviated statutory financial statements of UCB SA

6.1 Introduction

In accordance with the Belgian Companies Code, it has been decided to present an abbreviated version of the statutory financial statements of UCB SA.

The statutory financial statements of UCB SA are prepared in accordance with Belgian Generally Accepted Accounting Principles.

It should be noted that only the consolidated financial statements as presented above, present a true and fair view of the financial position and performance of the UCB Group.

The statutory auditor has issued an unqualified audit opinion and certifies that the non-consolidated financial statements of UCB SA for the year ended December 31, 2021 give a true and fair view of the financial position and results of UCB SA in accordance with all legal and regulatory dispositions.

In accordance with the legislation, these separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders, as well as the auditor's report will be filed at the National Bank of Belgium within the statutory periods.

These documents are available on our website www.ucb.com or on simple request, addressed to:

UCB SA
Corporate Communication
Allée de la Recherche 60
B-1070 Brussels (Belgium)

6.2 Statement of financial position

€ million	2021	2020
Assets		
Formation expenses	8	6
Intangible assets	0	1
Tangible assets	38	32
Financial assets	8 594	8 776
Fixed assets	8 640	8 815
Amounts receivable after more than one year	1 370	1 341
Amounts receivable within one year or less	329	637
Current investments	492	483
Cash at bank and on hand	24	16
Deferred charges and accrued income	80	98
Current assets	2 295	2 576
Total assets	10 935	11 390
Liabilities		
Capital	584	584
Share premium	2 000	2000
Reserves	6 254	6 254
Profit brought forward	120	52
Equity	8 956	8 889
Provisions	32	26
Provisions and deferred taxes	32	26
Amounts payable after more than one year	1 542	1 392
Amounts payable within one year or less	328	983
Accrued charges and deferred income	77	101
Current liabilities	1 947	2 475
Total liabilities	10 935	11 390

6.3 Income statement

€ million	2021	2020
Operating income	85	113
Operating charges	- 113	- 128
Operating result	**- 28**	**- 15**
Financial income	417	3 894
Financial charges	- 76	- 89
Financial result	**341**	**3 805**
Profit before income taxes	**313**	**3 790**
Income taxes	0	0
Profit for the year available for appropriation	**313**	**3 790**

6.4 Appropriation account

€ million	2021	2020
Profit for the period available for appropriation	313	3 790
Profit brought forward from previous year	52	2
Profit to be appropriated	**366**	**3 792**
Transfer to legal reserve	0	0
Transfer to other reserves	0	3 500
Transfer to capital and reserves	**0**	**3 500**
Profit to be carried forward	120	52
Result to be carried forward	**120**	**52**
Dividends	246	240
Profit to be distributed	**246**	**240**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	**€ 1.30**	€ 1.27
If the proposed allocation of profit is approved and taking into account the tax regulations, the total net dividend off withholding tax per share will be fixed at:	**€ 0.910**	€ 0.889

The activities of UCB SA generated in 2021 include € 369 million financial income stemming from financial fixed assets in affiliated enterprises. The net profit reaches € 313 million after income taxes. The amount available for distribution is € 366 million, including € 52 million profit brought forward from last year.

The issued share capital of UCB SA is represented by 194 505 658 shares without par value as per December 31, 2021.

Per December 31, 2021, UCB SA owns 5 331 781 own shares in order to honor the exercise of share options and share awards granted to the Board of Directors and certain categories of employees.

The Board of Directors proposes to pay a gross dividend of € 1.30 per share. If this dividend proposal is approved by the General Meeting on April 28, 2022, the net dividend of € 0.91 per share will be payable as of May 3, 2022 against the delivery of coupon #25. The shares held by UCB SA are not entitled to a dividend.

Per December 31, 2021, 189 173 877 UCB shares are entitled to a dividend, representing a total distribution of € 246 million. This amount may fluctuate depending on the number of UCB shares held by UCB SA on the dividend approval date. The Board of Directors will communicate at the general meeting the total number of UCB shares entitled to a dividend and will submit the aggregate amount to be distributed for approval. The annual accounts of 2021 will be adapted accordingly.

6.5 Summary of significant accounting principles

The Board of Directors made the following decisions in accordance with the Article 3:6 of the Royal Decree of April 29, 2019 on implementing the company and association code.

6.5.1 Tangible assets

Tangible assets purchased from third parties have been included in the statement of financial position at purchase price; assets manufactured by the company itself have been valued at cost. The purchase price or cost is depreciated on a straight-line basis considering "pro rata temporis". The depreciation rates are as follows:

Administrative buildings	3%
Industrial buildings	5%
Tools	15%
Furniture and office machinery	15%
Vehicles	20%
Computer equipment and office machines	33.3%
Prototype equipment	33.3%

6.5.2 Financial assets

UCB shareholdings have been valued in accordance with the proportion held in shareholders' equity of the UCB companies concerned.

Shareholdings not part of the UCB companies are valued at cost. An impairment is booked whenever the valuation shows a permanent loss in realizable value.

6.5.3 Receivables and liabilities

They are shown at their book value. Receivables have been written down if their repayment, when due, is entirely or partly uncertain and doubtful.

6.5.4 Assets and commitments expressed in foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions.

Non-monetary assets and liabilities (intangible and tangible assets, shareholdings), denominated in foreign currencies, are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at statement of financial position date rate. Realized and unrealized exchange differences on foreign currency transactions are recognized in the income statement.

6.5.5 Provisions

All the risks born by the company have been the subject of provisions reviewed each year, in accordance with the rules of prudence, good faith and sincerity. Provisions are recorded at normal value.

6.5.6 Foreign currencies

Derivatives are accounted for at fair value through P&L unless the derivative has no offsetting exposure in the stand-alone financial statements, in which case, the derivative will only be disclosed as off-statement of financial position commitment not affecting the statement of financial position and/or income statement accounts. The amount disclosed as off-statement of financial position commitment will be in line with the IFRS methodology. Additionally, the effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges, are classified on the same line in the income statement or statement of financial position as the hedged item once the hedged item affects profit or loss or results in the recognition of a non-financial asset or liability.

6.5.7 Fair value adjustments on loans being acquired

Loans that have been acquired are recognized in the statement of financial position at nominal value. All differences between the nominal value and the acquisition value are recognized on an accrual account and taken in the income statement pro rata temporis on a linear basis over the remaining duration of the loans.

Data and reporting

People data

Patient value pillars[1]

	2021
Patient value solutions	**7 756**
PV Early Solutions	734
PV Development Solutions	1 105
PV Immunology Solutions	1 373
PV Neurology Solutions	1 972
PV Supply and Technology Solutions	2 572
Patient value support functions	**803**
PV Corporate Development and Finance	403
PV Legal and Risk	156
PV Talent and Company Reputation	229
CEO office	**17**
Total	8 561

Permanent and fixed-term contracts by gender[2]

	2021			2020		
	Women	**Men**	**Total**	Women	Men	Total
Fixed-term contract	246	234	480	248	204	452
Permanent contract	4 048	4 033	8 081	3 964	3 955	7 919
Total	**4 294**	**4 267**	**8 561**	**4 212**	**4 159**	**8 371**

Permanent and fixed-term contracts by region

	2021				2020			
	Europe	**International markets**	**U.S.**	**Total**	Europe	International markets	U.S.	Total
Fixed-term contract	140	336	4	480	98	354		452
Permanent contract	5 264	1 228	1 589	8 081	5 023	1 310	1 586	7 919
Total	**5 404**	**1 564**	**1 593**	**8 561**	**5 121**	**1 664**	**1 586**	**8 371**

Part-time and full-time contracts by gender

	2021			2020		
	Women	**Men**	**Total**	Women	Men	Total
Part-time contract	447	108	555	446	105	551
Full-time contract	3 847	4 159	8 006	3 766	4 054	7 820
Total	**4 294**	**4 267**	**8 561**	**4 212**	**4 159**	**8 371**

1 Scope of reporting: these numbers represent all UCB regular active employees as of December 31, 2021. Students, apprentices, trainees, employees on leave and contractors are not included in the headcount data.

2 All data presented from the "Permanent and fixed-term contracts by gender" table to the "Departures by region and age group, men" table are in scope for the assurance process, as well as total headcount, total turnover and compliance rate to code of conduct and anti-bribery and anti-corruption trainings.

Employees by region and gender

	2021			2020		
	Women	**Men**	**Total**	Women	Men	Total
Europe	**2 694**	**2 711**	**5 405**	**2 559**	**2 562**	**5 121**
Belgium	1 265	1 496	2 761	1 189	1 406	2 595
Germany	305	184	489	291	184	475
U.K.	452	382	834	435	373	808
Switzerland	204	359	563	198	332	530
Rest of Europe	467	290	757	446	267	713
International Markets (IM)	**696**	**868**	**1 564**	**756**	**908**	**1 664**
China	247	185	432	273	188	461
Japan	122	424	546	116	405	521
Rest of IM	327	259	586	367	315	682
U.S.	**905**	**688**	**1 593**	**897**	**689**	**1 586**
Grand total	**4 294**	**4 267**	**8 561**	**4 212**	**4 159**	**8 371**

Employees by subgroup and age group, women

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	47	256	193	496	48	286	188	522
Executives	1	15	34	50	1	13	33	47
Managers/professionals	165	2 024	752	2 941	186	1 895	681	2 762
Sales force	37	453	238	728	53	516	230	799
Technical staff	12	52	15	79	18	50	14	82
Total	**262**	**2 800**	**1 232**	**4 294**	**306**	**2 760**	**1 146**	**4 212**

Employees by subgroup and age group, men

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Administration/support	55	166	115	336	53	175	109	337
Executives		24	61	85		32	61	93
Managers/professionals	116	1 703	879	2 698	107	1 611	800	2 518
Sales force	64	451	274	789	70	511	267	848
Technical staff	27	242	90	359	30	251	82	363
Total	**262**	**2 586**	**1 419**	**4 267**	**260**	**2 580**	**1 319**	**4 159**

New hires by region

	2021	2020
Europe	**701**	**825**
Belgium	333	395
Germany	44	61
U.K.	121	159
Switzerland	75	57
Rest of Europe	128	153
International Markets (IM)	**232**	**282**
China	98	118
Japan	81	93
Rest of IM	53	71
U.S.	**214**	**329**
Grand total	**1 147**	**1 436**

New hires by region and age group, women

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**67**	**226**	**54**	**347**	**68**	**297**	**72**	**437**
Belgium	47	94	12	153	36	131	18	185
Germany	2	21	5	28	1	26	12	39
U.K.	5	45	15	65	15	62	16	93
Switzerland	3	16	4	23	9	14		23
Rest of Europe	10	50	18	78	7	64	26	97
International Markets (IM)	**20**	**61**	**15**	**96**	**43**	**82**	**9**	**134**
China	18	24		42	37	28	1	66
Japan		12	8	20	1	18	5	24
Rest of IM	2	25	7	34	5	36	3	44
U.S.	8	89	23	120	**16**	**117**	**49**	**182**
Grand total	**95**	**376**	**92**	**563**	**127**	**496**	**130**	**753**

New hires by region and age group, men

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**63**	**244**	**47**	**354**	**60**	**265**	**63**	**388**
Belgium	41	122	17	180	43	145	22	210
Germany		14	2	16	1	11	10	22
U.K.	14	33	9	56	8	44	14	66
Switzerland	6	39	7	52	5	25	4	34
Rest of Europe	2	36	12	50	3	40	13	56
International Markets (IM)	**35**	**88**	**13**	**136**	**44**	**84**	**20**	**148**
China	30	26		56	39	12	1	52
Japan	3	46	12	61	4	51	14	69
Rest of IM	2	16	1	19	1	21	5	27
U.S.	6	61	27	94	**10**	**96**	**41**	**147**
Grand total	**104**	**393**	**87**	**584**	**114**	**445**	**124**	**683**

Departures by region

	2021	2020
Europe	**383**	**272**
Belgium	150	118
Germany	33	19
U.K.	87	58
Switzerland	46	34
Rest of Europe	67	43
International Markets (IM)	**342**	**230**
China	127	104
Japan	54	35
Rest of IM	161	91
U.S.	207	145
Grand total	**932**	**647**

Departures by region and age group, women

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**21**	**101**	**65**	**187**	**16**	**75**	**45**	**136**
Belgium	8	34	26	68	6	27	24	57
Germany	2	4	9	15		3	5	8
U.K.	5	27	9	41	4	20	6	30
Switzerland	5	12	3	20	5	8		13
Rest of Europe	1	24	18	43	1	17	10	28
International Markets (IM)	**32**	**125**	**9**	**166**	**17**	**92**	**8**	**117**
China	23	43	1	67	11	44	3	58
Japan	2	10	2	14		7		7
Rest of IM	7	72	6	85	6	41	5	52
U.S.	7	63	41	111	**4**	**46**	**32**	**82**
Grand total	**60**	**289**	**115**	**464**	**37**	**213**	**85**	**335**

Departures by region and age group, men

	2021				2020			
	≤ 29y	**30–49y**	**≥ 50y**	**Total**	≤ 29y	30–49y	≥ 50y	Total
Europe	**18**	**109**	**69**	**196**	**9**	**84**	**43**	**136**
Belgium	9	48	25	82	3	33	25	61
Germany	1	3	14	18		5	6	11
U.K.	3	31	12	46	3	18	7	28
Switzerland	5	14	7	26	3	18		21
Rest of Europe		13	11	24		10	5	15
International Markets (IM)	**31**	**113**	**32**	**176**	**14**	**82**	**17**	**113**
China	22	38		60	11	34	1	46
Japan	2	25	13	40	2	17	9	28
Rest of IM	7	50	19	76	1	31	7	39
U.S.	8	51	37	96	**5**	**30**	**28**	**63**
Grand total	**57**	**273**	**138**	**468**	**28**	**196**	**88**	**312**

Staff turnover

	2021		
	Voluntary	Involuntary	Total voluntary and involuntary
Administration/support staff	2.40	3.10	5.50
Executives	6.90	5.40	12.30
Managers/professionals	7.60	2.20	9.80
Sales force	12.00	10.30	22.30
Technical staff	6.60	1.50	8.10
Total turnover rate	**7.90**	**3.80**	**11.70**

Mandatory trainings compliance rate

Percentage (%)	Code of conduct[1]	Safety reporting obligations	Data protection at UCB	Phishing awareness	Anti-bribery and anti-corruption
Audience	All employees	All employees	All employees	All employees	Selected employees
Frequency	Every year	Every 2 years	Every 2 years	Every 2 years	Every 2 years
Compliance rate 2021[2]	**95%**	**97%**	**93%**	**95%**	**95%**
Compliance rate 2020[2]	95%	95%	97%	100%	97%

1 The Ethics and Compliance team collaborates with the Talent and Company Reputation team to promote timely completion of this training

2 Compliance rate is a sum of employees who have completed the training and employees who are still within the time-frame to complete and comply with the mandatory trainings

Environmental data

	2015 (benchmark year)	2019	2020	2021	Variance 2021/2015
Scope covered (% employees)	86%	89%	88%	**89%**	**3%**
Energy (GigaJoules)	**1 137 502**	**1 018 240**	**916 421**	**971 317**	**-15%**
Electricity from renewable sources	59%	94%	95%	**90%**	**31%**
CO_2 emissions (tons)	**176 775**	**127 055**	**71 796**	**67 037**	**-62%**
Scope 1 – Direct CO_2 emissions	56 353	40 312	30 647	**27 777**	**-51%**
Scope 2 – Indirect CO2e emissions (market-based)	28 108	3 655	3 167	**5 450**	**-81%**
Scope 2 – Indirect CO2e emissions (location-based)		18 414	18 025	**18 378**	**n/a**
Scope 3 – Other indirect greenhouse gas (GHG) emissions	92 314	83 089	37 982	**33 812**	**-63%**
% of suppliers (by CO2e emissions) committed to Sciences Based Targets alike	-	10%	12%	**23%**	**n/a**
Water (m^3)	**804 360**	**590 867**	**559 670**	**569 827**	**-29%**
Waste (tons)	**9 745**	**6 605**	**6 014**	**5 950**	**-39%**
Waste recovered	95%	90%	96%	**95%**	**0%**

Energy consumption

GRI indicator		Definition	GigaJoules	2015 Benchmark year	2021	Variance (%) 2021/2015
302-1	Total	Total energy consumption		1 137 502	**971 317**	-15%
	Gas	Gas consumption		652 584	442 385	-32%
	Fuel oil	Fuel oil consumption		12 956	10 381	-20%
	Fuel vehicles	Utility vehicle fuel consumption		158	204	29%
		Car fleet fuel consumption		293 152	184 634	-37%
	Electricity	Electricity consumption		471 804	333 713	-29%
302-4	Energy saved	Energy saved due to consideration and efficiency improvements		6 743	12 010	78%

Carbon footprint

GRI indicator		Definition (Tons CO_2e)	2015 Benchmark year	2021	Variance (%) 2021/2015
305-1	Direct CO_2e emissions – Scope 1	Electricity	0	0	n/a
		Gas	36 610	16 139	-56%
		Fuel	973	695	-29%
		Car fleet	18 770	10 943	-42%
305-2	Direct CO_2e emissions – Scope 2	Electricity (market based)	28 108	4 733	-83%
		Electricity (location based)	n/a	18 378	
		Gas	0	717	n/a
		Fuel	0	0	n/a
305-3	Other indirect GHG emissions – Scope 3	Business air travel[1]	46 734	5 358	-89%
		Upstream transportation and distribution[1]	23 319	15 947	-32%
		Energy and fuel related activities[1]	15 658	8 547	-45%
		CO_2 from waste generated on site	589	363	-38%
		Product end-of-life	6 014	3 598	-40%
		Total CO_2e – directly controlled	176 775	67 037	-62%
–	Indirect CO_2e emissions – Scope 3	% of suppliers (by CO_2e emissions) committed to Sciences Based Targets alike	–	23%	–

1 This data is part of the independent limited assurance report

Water consumption

GRI indicator		Definition (m^3)	2015 Benchmark year	2021	Variance (%) 2021/2015
303-3	Water	Total water	804 360	569 827	-29%
		Main water	624 427	499 951	-20%
		Ground and surface water	179 933	69 876	-61%
		Total water consumption on area with water stress	335 539	335 132	0%
		Water saved due to to conservation and efficiency improvements	–	27 415	–

Waste production

GRI indicator		Definition	Tons	2015 Benchmark year	2021	Variance (%) 2021/2015
306-3	Waste disposal	Total		9 745	5 950	-39%
–	Total number and volume of significant spills	Total number of significant spills (absolute number)		0	1[1]	
		Total volume of significant spills		0	3 675[1]	
–	Hazardous waste	Hazardous waste as defined by locally applicable regulations		6 455	3 434	-47%
–	Non-hazardous waste	Other solid waste (excluding emissions and effluents)		3 291	2 516	-24%

1 The significant spill has been immediately reported, managed and fully controlled. Analyses showed that no residual trace remained after cleaning.

Task force on climate-related financial disclosures statement

UCB is committed to align with the Task Force on Climate-related Financial Disclosure (TCFD), an initiative created by the Financial Stability Board. This is UCB's first TCFD disclosure, reflecting our actions and processes as of December 31, 2021. We aim to provide a full TCFD disclosure in the future.

Governance

The COO has final responsibility over UCB's environmental strategy, as to approve the environmental strategy, climate and water targets and ambition-related issues. The COO has periodic meetings with functions and committees involved in the management of environmental/climate-related processes, programs, risks and opportunities with whom she prepares the Management Board's periodic reviews of environmental/climate-related issues.

The Management Board periodically reviews the organization's environmental (which include climate-related) strategy, policies, performance against agreed major plans of actions and specific KPIs. In addition, climate related risks and opportunities are reviewed as part of the periodic reviews of risks and opportunities identified at corporate level by the Enterprise Risk Committee.

Refer to CDP questions: *C1.1a C1.1b, C1.2, C1.2a.*

Strategy

In addition to the environmental risks and processes identified and disclosed in 2.4 Environmental and social risks, and in alignment with the recommendations of the TCFD, a climate scenario analysis is being conducted to better understand UCB's exposure to climate change. The analysis covers the following areas: climate-related physical and transition risks and opportunities.

Physical risks

The goal is to assess the risk of various physical hazards that are likely to be exacerbated by climate change. These hazards are analysed under a "4° scenario" RCP8.5 climate scenario and for two time horizons; a medium-term (2030) and a long-term time horizon (2050).

It is important to identify key regions and hazards that are important for UCB. For this, the seven most important countries based on revenue per region, number of facilities and employees, were included for the analysis. These are the U.S., Belgium, Germany, Switzerland, the U.K., China and Japan. Within these countries, the most relevant hazards for UCB are being identified and include; water scarcity, heavy precipitation and flooding, heat waves/extreme temperatures, tropical storms, sea level rise and coastal flooding and wildfires.

Transition risks

The objective of the transition risk analysis is to identify the risks and opportunities that may arise for UCB in five main areas: policy and legal, technology, market, and reputation in the context of the transition to a low-carbon economy. For this assessment a 'rapid transition' scenario, whereby warming is limited to below 2°C (in line with IEA SDS and other scenarios where relevant), will be used considering short-term (e.g., 0 – 5 years), medium-term (e.g., 2025) and long-term (e.g., 2030) time horizons.

The transition risks and opportunities to be assessed include; indirect carbon pricing on energy and incoming materials, direct carbon pricing on energy consumption, climate regulations, transition to low carbon products and switch in consumers' behaviour.

We will integrate the findings of the analysis of both physical and transition risks next year and use them to develop action plans to mitigate or adapt to climate-related risks.

Refer to CDP questions: *C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3. C2.3a, C2.4, C2.4a, C3.1, C3.1a, C3.4, C3.4a*

Risk management

The overall approach of UCB to risk management and a summary of the top risks identified can be found in the Risk Management section.

For our key suppliers, 70% of the spend will be assessed (starting in 2021) on their environmental physical hazards (using Munich RE impact & risk methods/intelligence) for short term current adverse events as well as long-term trends.

We are committed to continuing to integrate climate risk assessments and mitigation activities into the risk management process of any specific risks and opportunities posed by climate change and/or the transition to a low carbon economy.

Refer to CDP questions: *C2.1, C2.1a, C2.2.*

Metrics and targets

- We are committed to achieving carbon neutrality by 2030.
- UCB has an approved SBTi where we commit to reduce absolute scope 1, 2 and 3 GHG emissions by 38% by 2030 from a 2015 base year and that 60% of our suppliers by emissions, will have science-based targets alike by 2025.
- We set our goal to reduce our water withdrawal by 20% by 2030, compared with a 2015 benchmark.
- Additional details on our emissions data and targets can be found in the Together for the Planet section, the Environmental data section and in our public response to the CDP Climate and Water questionnaires.

Refer to CDP questions: *C4.1, C4.1a, C4.2, C4.2a, C6.1, C6.2, C6.3*

Next steps

We will disclose the results of the climate scenario analysis and the corresponding financial impact assessments in 2022. UCB will continue to assess and identify any climate risks and opportunities in the future to bring further transparency and alignment on TCFD climate-related disclosure.

GRI Standards & CoP

Organization profile

Disclosure		External assurance		Report reference	SDG[1]
102-01	Name of the organization	●		Scope of Reporting	
102-02	Activities, brands, products, and services	●		Our purpose Disease areas and solutions for people with severe diseases	
102-03	Location of headquarters	●		Where we are	
102-04	Location of operations	●		Where we are	
102-05	Ownership and legal form	●		Capital and shares Shareholders and shareholders structure	
102-06	Markets served	●		Where we are	
Scale of the organization					
102-07	1 Total number of employees	●	β	Where we are	
	2 Total number of operations	●		Where we are	
	3 Net sales (for private sector organizations) or net revenues (for public sector organizations)	●		Net sales by product	
	4 Total capitalization (for private sector organizations) broken down in terms of debt and equity	●		Statement of financial position	
	5 Quantity of products or services provided	●		Key figures	
Information on employees and other workers					
102-08	1 Total number of employees by employment contract (permanent and temporary), by gender	●	β	People data	
	2 Total number of employees by employment contract (permanent and temporary), by region	●	β	People data	
	3 Total number of employees by employment type (fulltime and parttime), by gender	●	β	People data	
	4 Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.	●	β	Where we are Value Creation Model	
	5 Any significant variations in the numbers reported in Disclosures a, b, and c (such as seasonal variations in the tourism or agricultural industries).	●		No significant variations	
	6 An explanation of how the data have been compiled, including any assumptions made	●	β	Where we are	

1 SDG: Sustainable Develoment Goals

Disclosure		External assurance	Report reference	SDG
Information on employees and other workers				
102-09	Supply chain	•	Strengthening relationships with our suppliers	
102-10	Significant changes to the organization and its supply chain	•	Strengthening relationships with our suppliers	
102-11	Precautionary Principle or approach	•	Risk Management	
Organization profile				
102-12	External initiatives	•	Together for Patients Supporting vulnerable communities through philanthropy	
102-13	Membership of associations	•	Non-extensive list of industry associations UCB is part of: the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the European Federation of Pharmaceutical Industries and Associations (EFPIA), the Pharmaceutical Research and Manufacturers of America in the U.S. (PhRMA), the Biotechnology Innovation Organization in the U.S. (BIO), the R&D-based Pharmaceutical Association Committee (RDPAC, China), and the Japan Pharmaceutical Manufacturers Association (JPMA, Japan)	
Strategy				
102-14	Statement from senior decision maker	•	Letter to Stakeholders	
102-15	Key impacts, risks, and opportunities	•	Risk Management	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	•	Our Ambition Ethical Business Practices	
102-17	Mechanisms for advice and concerns about ethics	•	Ethical Business Practices	
Governance				
102-18	Governance structure	•	Our Governance Board of Directors and Board committees	
102-20	Executive level responsibility for economic, environmental, and social topics	•	Our Governance Board of Directors and Board committees Executive Committee	

Disclosure		External assurance		Report reference	SDG
Governance					
102-21	Consulting stakeholders on economic, environmental, and social topics	●		Updating our materiality assessment	16
102-22	Composition of the highest governance body and its committees	●		Board of Directors and Board committees	5 16
102-23	Chair of the highest governance body	●		Board of Directors and Board committees	16
102-24	Nominating and selecting the highest governance body	◖		Board of Directors and Board committees	16
102-26	Role of highest governance body in setting purpose, values, and strategy	◖		Board of Directors and Board committees	
102-30	Effectiveness of risk management processes	●		Risk Management	
102-32	Highest governance body's role in sustainability reporting	●		Our Governance Board of Directors and Board committees	
102-35	Remuneration policies	●		Remuneration report	
102-40	List of stakeholder groups	●		Updating our materiality assessment Value Creation Model	
102-41	Collective bargaining agreements	◖		Collective bargaining agreements are country-specific	
Stakeholder engagement					
102-42	Identifying and selecting stakeholders	●		Updating our materiality assessment	
102-43	Approach to stakeholder engagement	●		Updating our materiality assessment	
102-44	Key topics and concerns raised	●		Updating our materiality assessment	
Reporting principles					
102-45	Entities included in the consolidated financial statements	●		UCB companies (fully consolidated)	
102-46	Defining report content and topic Boundaries	●		Updating our materiality assessment	
102-47	List of material topics	●		Updating our materiality assessment	
102-48	Restatements of information (ie, organizational model)	●		No restatements of information.	
102-49	Changes in reporting	●		Updating our materiality assessment	
102-50	Reporting period	●		Our performance	
102-51	Date of most recent report	●		Our performance	
102-52	Reporting cycle	●		Our performance	
102-53	Contact point for questions regarding the report	●		Contact details	
102-54	Claims of reporting in accordance with the GRI Standards	●	β	About this report	
102-55	GRI content index	●		GRI Standards	
102-56	External assurance	●		Assurance report	

Disclosure		External assurance		Report reference	SDG
Economic performance					
201	Economic performance				
201-01	Direct economic value generated and distributed	•		Business performance review	8
201-03	Defined benefit plan obligations and other retirement plans	•		Employee benefits	8, 10
205	Anti-corruption				
205-01	Operations assessed for risks related to corruption	◖		Anti-Bribery and Anti-Corruption (ABAC)	16
205-02	Communication and training about anti-corruption policies and procedures				
	1 Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region.			No disclosure	
	2 Total number and percentage of employees that the organization's anticorruption policies and procedures have been communicated to, broken down by employee category and region.			No disclosure	
	3 Total number and percentage of business partners that the organization's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anticorruption policies and procedures have been communicated to any other persons or organizations			No disclosure	16
	4 Total number and percentage of governance body members that have received training on anti-corruption, broken down by region			No disclosure	
	5 Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region	◖	β	Anti-Bribery and Anti-Corruption (ABAC)	
205-03	Confirmed incidents of corruption and actions taken	◖		Anti-Bribery and Anti-Corruption (ABAC)	16

Disclosure		External assurance		Report reference	SDG
Environmental					
302	**Energy**				
302-103	1 Explanation of the material topic and its Boundary	•		Together for the planet Taking concrete actions to decrease the emissions we control	
	2 The management approach and its components	•		Together for the planet Taking concrete actions to decrease the emissions we control	
	3 Evaluation of the management approach	•		Together for the planet Taking concrete actions to decrease the emissions we control	
302-1	Energy consumption within the organization	•	β	Together for the planet Taking concrete actions to decrease the emissions we control	3, 7, 8, 12, 13
302-4	Reduction of energy consumption	•		Together for the planet Taking concrete actions to decrease the emissions we control	3, 7, 8, 12, 13
303	**Water and effluents**				
303-103	1 Explanation of the material topic and its boundary	•		Together for the planet Reducing our water withdrawal	
	2 The management approach and its components	•		Together for the planet Reducing our water withdrawal	
	3 Evaluation of the management approach	•		Together for the planet Reducing our water withdrawal	
303-1	Interactions with water as a shared resource	•		Together for the planet Reducing our water withdrawal	3, 6, 12
303-3	Water withdrawal	•	β	Together for the planet Reducing our water withdrawal	3, 6, 12

Disclosure		External assurance		Report reference	SDG
Environmental					
305	Emissions				
305-103	1 Explanation of the material topic and its Boundary	●		Together for the planet Reducing our emissions	
	2 The management approach and its components	●		Together for the planet Reducing our emissions	
	3 Evaluation of the management approach	●		Together for the planet Reducing our emissions	
305-1	Direct (Scope 1) GHG emissions	●	β	Together for the planet Reducing our emissions	
305-2	Energy indirect (Scope 2) GHG emissions	●	β	Together for the planet Reducing our emissions	
305-3	Other indirect (Scope 3) GHG emissions	◖	β	Together for the planet Reducing our emissions	
306	Waste				
306-103	1 Explanation of the material topic and its boundary	●		Together for the planet Reducing our waste	
	2 The management approach and its components	●		Together for the planet Reducing our waste	
	3 Evaluation of the management approach	●		Together for the planet Reducing our waste	
306-1	Waste generation and significant waste-related impacts	◖		Together for the planet Reducing our waste	
306-2	Management of significant waste-related impacts	●	β	Together for the planet Reducing our waste	

Disclosure		External assurance		Report reference	SDG
Environmental					
306-3	Waste generated	●	β	Together for the planet Reducing our waste	3, 6, 12
Social					
401	Employment				
401-1	1 Total number and rate of new employee hires during the reporting period, by age group, gender and region.	●	β	People data	5, 8
	2 Total number and rate of employee turnover during the reporting period, by age group, gender and region.	●	β	People data	5, 8
403	Occupational health and safety				
403-103	1 Explanation of the material topic and its boundary	●		Health, safety and wellbeing	
	2 The management approach and its components	●		Health, safety and wellbeing	
	3 Evaluation of the management approach	●		Health, safety and wellbeing	
403-1	Occupational health and safety management system	◖		Health, safety and wellbeing	3, 8
403-2	Hazard identification, risk assessment, and incident investigation	◖		Health, safety and wellbeing	3, 8
403-3	Occupational health services	◖		Health, safety and wellbeing	3, 8
403-4	Worker participation, consultation, and communication on occupational health and safety	◖		Health, safety and wellbeing	3, 8
403-5	Worker training on occupational health and safety	◖		Health, safety and wellbeing	3, 8
403-6	Promotion of worker health	◖		Health, safety and wellbeing	3, 8

Disclosure		External assurance		Report reference	SDG
Social					
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	◖		Health, safety and wellbeing	3, 8
403-9	Work-related injuries	◖	β	Health, safety and wellbeing	3, 8
404	Training and education				
404-3	% of employees receiving regular performance and career development reviews	◖		Continuing to strengthen culture and leadership	5, 8
405	Diversity and equal opportunity				
405-103	1 Explanation of the material topic and its boundary	●		Diversity, equity and inclusion	
	2 The management approach and its components	●		Diversity, equity and inclusion	
	3 Evaluation of the management approach	●		Diversity, equity and inclusion	
405-1	Diversity of governance bodies and employees	●	β	Diversity, equity and inclusion Diversity at Board and Executive Committee level	5, 8, 10
408	Child labor				
408-1	Operations and suppliers at significant risk for incidents of child labor	◖		Strengthening relationships with our suppliers Human Rights	8
412	Human rights assessment				
412-103	1 Explanation of the material topic and its boundary	●		Human Rights and Environmental and social risks	
	2 The management approach and its components	●		Human Rights and Environmental and social risks	
	3 Evaluation of the management approach	●		Human Rights and Environmental and social risks	
412-2	1 Employee training on human rights policies or procedures	◖		Human Rights Environmental and social risks	8
	2 Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations			No disclosure	8
	3 Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations	●	β	Ethical Business Practices	8

Disclosure		External assurance	Report reference	SDG
Social				
413	Local communities			
413-1	Operations with local community engagement, impact assessments and development programs	◖	Supporting vulnerable communities through philanthropy	
416	Customer health and safety			
416-103	1 Explanation of the material topic and its boundary	●	Ensuring product safety and quality	
	2 The management approach and its components	●	Ensuring product safety and quality	
	3 Evaluation of the management approach	●	Ensuring product safety and quality	
416-1	Assessment of the health and safety impacts of product and service categories	●	Ensuring product safety and quality	
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	●	Ensuring product safety and quality	
417	Marketing and labelling			
417-1	Requirements for product and service information and labeling	◖	Product responsibility	
418	Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	◖	Top risks in 2021	
501	Employee engagement			
501-2	% of colleagues completing the mandatory training programs	●	People data	

Disclosure		External assurance		Report reference	SDG
Social					
601	Innovation				
601-103	1 Explanation of the material topic and its boundary	●		Innovating for patients with severe diseases	
	2 The management approach and its components	●		Innovating for patients with severe diseases	
	3 Evaluation of the management approach	●		Innovating for patients with severe diseases	
601-1	% of revenue invested in R&D	●		Our Performance	3
601-2	Number of assets in Pipeline	●		Our Performance Our Pipeline	3 17
701	Access to medicines				
701-103	1 Explanation of the material topic and its Boundary	●		Providing access to our solutions	
	2 The management approach and its components	●		Providing access to our solutions	
	3 Evaluation of the management approach	●		Providing access to our solutions	
701-1	Access performance index	●		Our performance Providing access to our solutions	3
801	Health and wellbeing				
801-103	1 Explanation of the material topic and its boundary	●		Health, safety and wellbeing	
	2 The management approach and its components	●		Health, safety and wellbeing	
	3 Evaluation of the management approach	●		Health, safety and wellbeing	
801-1	Health and wellbeing index	●		Our performance Health, safety and wellbeing	3 8
801-2	Total recordable incident rate	●	β	Our performance Health, safety and wellbeing	3 8

UN Global Compact 10 Principles

This report serves as UCB's Communication on Progress for the United Nations Global Compact (UNGC) and throughout this report inforation on the progress on the four key areas of the UNGC is presented.

Area	UN Global Compact 10 Principles	Report Reference
Human Rights	**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights
	Principle 2 Make sure that they are not complicit in human rights abuses	Strengthening relationships with our suppliers
Labour Standards	**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Together with our People Human Rights
	Principle 4 The elimination of all forms of forced and compulsory labour	
	Principle 5 The effective abolition of child labour	
	Principle 6 The elimination of discrimination in respect of employment and occupation	
Environment	**Principle 7** Businesses should support a precautionary approach to environmental challenges	Together for the Planet
	Principle 8 Undertake initiatives to promote greater environmental responsibility	
	Principle 9 encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption	**Principle 10** Businesses should work against all forms of corruption, including extortion and bribery	Anti-bribery and anti-corruption (ABAC)

SASB

			Report reference
Safety of clinical trial participants			
HC-BP-210a	1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Ensuring product safety and quality
	2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	In 2021, UCB had no FDA Sponsor Inspections related to clinical trial management and pharmacovigilance
	3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Material settlements are reported in Note 34. Provisions.
Access to medicines			
HC-BP-240a	1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	Providing access to our solutions
	2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	UCB has no products in the WHO List of Prequalified Medicinal Products
Affordabilty and pricing			
HC-BP-240b	1	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	2	Percentage change in: (1) average list price and (2) average net price across US product portfolio compared to previous year	UCB pricing in the U.S.
	3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	UCB pricing in the U.S.
Drug safety			
HC-BP-250a	1	List of products listed in the U.S. Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database	Available at FDA Safety Information and Adverse Event Reporting Program
	2	Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System	Available at FDA Adverse Event Reporting System (FAERS)
	3	Number of recalls issued, total units recalled	Ensuring product safety and quality
	4	Total amount of product accepted for takeback, reuse or disposal	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Ensuring product safety and quality

			Report reference
Counterfeit drugs			
HC-BP-260a	1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	Ensuring product safety and quality
	2	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	*UCB intends to further report on SASB accounting metrics in the upcoming years*
	3	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products	*UCB intends to further report on SASB accounting metrics in the upcoming years*
Ethical marketing			
HC-BP-270a	1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Material settlements are reported in Note 34. Provisions.
	2	Description of code of ethics governing promotion of off-label use of products	Product responsibility
Employee recruitment, development and retention			
	1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel	Preparing our workforce for the future
	2	(1) Voluntary and	
HC-BP-330a		(2) involuntary turnover rate for: *(a) executives/senior managers,* *(b) mid-level managers,* *(c) professionals, and* *(d) all others*	People data
Supply chain management			
HC-BP-430a	1	Percentage of: (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients	*UCB intends to further report on SASB accounting metrics in the upcoming years*
Business ethics			
HC-BP-510a	1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Material settlements are reported in Note 34. Provisions
	2	Description of code of ethics governing interactions with health care professionals	Ethical Business Practices
Activity metrics			
	A	Number of patients treated	Letter to Stakeholders
HC-BP-000	B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1 to 3)	www.ucb.com/our-products Our Pipeline

Independent limited assurance report on the UCB integrated report 2021

This report has been prepared in accordance with the terms of our three-year engagement contract dated 29 October 2021, whereby we have been engaged to issue an independent limited assurance report in connection with selected ESG data, marked with a Greek small letter beta (β), of the Integrated Annual Report as of and for the year ended 31 December 2021 (the "Report").

The Directors' Responsibility

The Directors of UCB SA ("the Company") are responsible for the preparation and presentation of the selected ESG indicators for the year 2021 marked with a Greek small letter beta (β) in the Report of UCB and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report and with the recommendations of the GRI Standards (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable- assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- Assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2021 presented in the Report.
- Conducting interviews with responsible officers including site visits.
- Inspecting internal and external documents.

The scope of our work is limited to assurance over the selected ESG indicators for the year 2021 marked with a Greek small letter beta (β) in the Report of UCB and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core (the "Subject Matter Information"). Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected ESG indicators for the year 2021 marked with a Greek small letter beta (β) in UCB's Integrated Annual Report 2021, and UCB's assertion that the report meets the requirement GRI Standards – Core, do not comply, in all material respects, with the Criteria.

Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2021 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Diegem, 21 February 2022

PwC Bedrijfsrevisoren BV
Represented by

Marc Daelman[1]

Registered auditor

1 Marc Daelman BV, director, represented by its permanent representative Marc Daelman

Glossary

Adjusted EBIT
Operating profit adjusted for impairment charges, restructuring expenses, and other income and expenses.

Adjusted EBITDA
(Earnings Before Interest, Taxes, Depreciation and Amortization charges) Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other income and expenses.

ALM
Asset-liability matching

CER
Constant exchange rates

Core EPS/Core earnings per share
Profit attributable to UCB shareholders, adjusted for the after-tax impact of restructuring, impairment, other income/expense items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, per non-dilutive weighted average number of shares.

Core products
CIMZIA®, VIMPAT®, KEPPRA®, BRIVIACT® and NEUPRO®

CGU
Cash generating unit

CPM
The Corporate Performance Multiplier is one of the 2 multipliers defining the bonus payout. It is based on the company's meeting corporate targets.

DTA
Deferred tax asset

EBIT/Earnings Before Interest and Taxes
Operating profit as mentioned in the consolidated financial statements

EMA/European Medicines Agency
Agency responsible for the evaluation of medicinal products designed to protect and promote human and animal health. www. emea.europa.eu

EPS
Earnings per share

Established brands
Portfolio of 150 post-patent, high-quality medicines, with proven value for patients and doctors since many years

Equity
Equity means ensuring all employees are offered fair opportunities for development, advancement, compensation and reward as per their aspirations

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

FDA/U.S. Food and Drug Administration
Agency within the U.S. Department of Health and Human Services is responsible for protecting and promoting the nation's health www.fda.gov

FVOCI
Fair value through other comprehensive income

Financial assets at FVPL
Financial assets to be measured subsequently at fair value through profit or loss

Financial assets at FVOCI
Financial assets to be measured subsequently at fair value through other comprehensive income

Financial one-off items
Gains and losses arising upon the sale of non-current financial assets (other than derivatives and reimbursement rights with respect to defined benefit plans) as well as impairment losses accounted for on these financial assets are considered as financial one-off items.

FRMC
Financial Risk Management Committee

Global Reporting Initiative
An international independent standards organization that helps businesses, governments and other organizations to understand and report the most important social, environmental and governance aspects raised by internal and external stakeholders

IPM
Individual Performance Multiplier, one of the 2 multipliers defining the bonus payout. It considers a combination of individual results achieved and behaviors demonstrated.

LTI
Long-Term Incentives aim at motivating and retaining key talent over a period of at least 3 years. They align employee rewards with company and patient goals, providing increased financial benefits as the company grows. At UCB, this includes Stock Awards, Stock Options and Performance Shares.

NCI
Non-controlling interest

Net dividend
The amount a shareholder of UCB will receive after principal deduction of Belgian withholding tax, which is currently 30%. Lower withholding tax rates may be applicable for certain categories of investors.

Net financial debt
Non-current and current borrowings, bonds and bank overdrafts less available for sale debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents

OCI
Other comprehensive income

Orphan drug
A medicine used in rare diseases

PBM
Pharmacy Benefit Manager

PGTCS
Primary generalized tonic-clonic seizures PMDA/ Pharmaceuticals and Medical Devices Agency

Japanese regulatory agency in charge of protecting the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices.
www.pmda.go.jp/english

POS
Partial onset seizures, also known as focal seizures

PSP
Performance Share Plan which awards a grant of UCB common stock to qualifying executives. The awards vest three years after grant, pending certain conditions, including meeting pre-established companywide targets.

ROU asset
Right of use asset

Seed funding
The first official equity funding stage used to start a business, fund research, or develop a product

SBTi – Science Based Targets initiative
The Science Based Targets initiative (SBTi) is a joint initiative by the United Nations, the Carbon Disclosure Project, the World Resources Institute and the World Wide Fund for Nature (WWF). It supports organizations with setting climate targets in line with the COP21 climate summit in Paris.

Sustainable Development Goals (SDGs)
Collection of 17 global goals set by the United Nations General Assembly in 2015 defined as a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity

Weighted average number of ordinary shares
Number of ordinary shares outstanding at the beginning of a given period, adjusted by the number of shares bought back or issued during the period, multiplied by a time-weighting factor

Working capital
Includes inventories, trade and other receivables and trade and other payables, both due within and after 12 months.

Forward Looking Statement Integrated Annual Report

This Integrated Annual Report contains forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", "continue" and similar expressions. These forward-looking statements are based on current plans, estimates and beliefs of management. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, arbitration, political, regulatory or clinical results or practices and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions which might cause the actual results, financial condition, performance or achievements of UCB, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements contained in this Integrated Annual Report.

Important factors that could result in such differences include but are not limited to: the global spread and impact of COVID-19, changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms or within expected timing, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, safety, quality, data integrity or manufacturing issues; potential or actual data security and data privacy breaches, or disruptions of our information technology systems, product liability claims, challenges to patent protection for products or product candidates, competition from other products including biosimilars, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws, and hiring and retention of its employees. There is no guarantee that new product candidates will be discovered or identified in the pipeline, or that new indications for existing products will be developed and approved. Movement from concept to commercial product is uncertain; preclinical results do not guarantee safety and efficacy of product candidates in humans. So far, the complexity of the human body cannot be reproduced in computer models, cell culture systems or animal models. The length of the timing to complete clinical trials and to get regulatory approval for product marketing has varied in the past and UCB expects similar unpredictability going forward. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to disputes between the partners or may prove to be not as safe, effective or commercially successful as UCB may have believed at the start of such partnership. UCB's efforts to acquire other products or companies and to integrate the operations of such acquired companies may not be as successful as UCB may have believed at the moment of acquisition. Also, UCB or others could discover safety, side effects or manufacturing problems with its products and/or devices after they are marketed. The discovery of significant problems with a product similar to one of UCB's products that implicate an entire class of products may have a material adverse effect on sales of the entire class of affected products. Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment, including pricing pressure, political and public scrutiny, customer and prescriber patterns or practices, and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement activities and outcomes. Finally, a breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of UCB's data and systems.

Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of publication of this Integrated Annual Report, and do not reflect any potential impacts from the evolving COVID-19 pandemic, unless indicated otherwise. The company continues to follow the development diligently to assess the financial significance of this pandemic to UCB.

UCB expressly disclaims any obligation to update any forward-looking statements in this Integrated Annual Report, either to confirm the actual results or to report or reflect any change in its forward-looking statements with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

Report language

Pursuant to Belgian Law, UCB is required to prepare its integrated annual report in French and Dutch. UCB has also made this report available in English.

Availability of the Integrated Annual Report

The integrated annual report is available on the investor website of UCB (www.ucb.com/investors). Other information on the website of UCB or on any other website, does not form part of this integrated annual report

Financial calendar

April 28, 2022 Annual general meeting

July 28, 2022 2022 half-year financial results

Contact

Investor Relations
Antje Witte
Head of Investor Relations
Tel.: +32 2 559 9414
E-mail: investor-relations@ucb.com
antje.witte@ucb.com

Communications
Gwendoline Ornigg
Head of Global Communication
Tel.: +32 2 559 9626
E-mail: gwendoline.ornigg@ucb.com

Sustainability
Veronique Toully
Head of Sustainability
Tel.: +32 2 559 9229
E-mail: veronique.toully@ucb.com

UCB SA
Allée de la Recherche, 60 – 1070 Brussels, Belgium

Tel.: +32.2.559.99.99 – Fax:+32.2.559.99.00

VAT BE0403.053.608

www.ucb.com

Thank you to Patient Ambassadors Vanessa and Catherine for having reviewed the integrated annual report

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

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