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

Dr. Li Chunxiang,
treating patients
with epilepsy

2015
ANNUAL REPORT

UCB IN BRIEF

We are UCB. We build on a strong heritage.
We bring solutions to people living with neurological or immunological diseases. In these areas, we have four main medicines on the market. Three of them are patent protected beyond 2020.

We allocate our funds and resources to R&D to bring new, highly differentiated solutions for patients – represented by promising solutions in late-stage development and exciting opportunities in early-stage.

We live partnerships with patients, caregivers, healthcare providers and payers and we team up with partners in academia and industry to optimize the value for patients.

By doing so, we deliver value for patients and stakeholders, including shareholders.

1 850 000
PATIENTS
Using our main medicines across **76** countries

7 788
EMPLOYEES
84% are proud to work for UCB

38
COUNTRIES
Completed by a robust network of distributors throughout the world

4
MAIN MEDICINES
Cimzia®, Vimpat®, Neupro® and **Keppra®**
77% of global net sales

1 037 million
R&D EXPENSES
27% of our revenue

3.88 billion
REVENUE
821 million
recurring EBITDA
2.17
core EPS

Everything we do starts with **one simple question**:

"How will this create value for people living with severe diseases?"

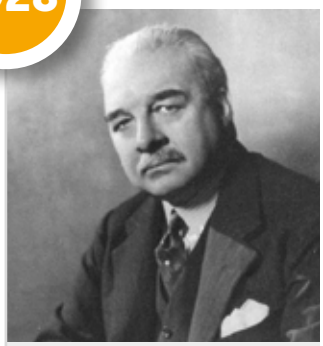
- INNOVATION
- PASSION FOR **PERFORMANCE**
- ENTREPRENEURSHIP
- INTEGRITY
- ACCOUNTABILITY
- CARE
- EMBRACING **DIFFERENCES**

Susanne, living with ankylosing spondylitis

Peter, caregiver to Susanne

UCB – FROM A BELGIAN CHEMICAL CONGLOMERATE

1928



Emmanuel Janssen established Union Chimique Belge (UCB) in Brussels (Belgium), primarily focusing on industrial chemicals.

1940

Production of **primary care products** (calcium, vitamins, insuline, etc.) during World War II

50's

Stronger focus on research, resulting in the discovery in 1954 of one of the world's first tranquillizers, Atarax® *(hydroxyzine)*, providing the resources to create a new state-of-the-art pharmaceutical R&D centre in Braine-l'Alleud, Belgium (1964)

70's

Focus on a limited number of products with higher added-value

Development of a **European network** through acquisitions in France, Germany, Italy, Spain and the U.K.

80's

Globalisation with acquisitions in the U.S., Korea, Thailand and Japan

1987

Launch of Zyrtec® (*cetirizine*), a novel antihistamine, UCB's first blockbuster with net sales of € 1.7 billion in 2001 (partner: Pfizer)

TO A GLOBAL BIOPHARMA LEADER

2000

Launch of Keppra® (*levetiracetam*), a new treatment option for people living with epilepsy. It reached blockbuster status in 2008 with net sales of € 1.2 billion.

2006

Acquisition of Schwarz Pharma AG, based in Germany, bringing complementary therapeutic and geographic focus

Launch of Neupro® (*rotigotine* transdermal patch) in Parkinson's disease

2004

Acquisition of Celltech Group Ltd, a leading British biotechnology company

Focus on biopharmaceuticals, a combination of large, antibodybased molecules and small, chemically-derived molecules

Divestiture of non-core business, starting with the films and chemical divisions, followed by primary care products

2008

Launch of Cimzia® (*certolizumab pegol*), UCB's first biologic to treat auto-immune disorders such as rheumatoid arthritis and Crohn's disease

Launch of Vimpat® (*lacosamide*), a new mechanism of action to treat epilepsy

2013

Cimzia®, Vimpat® and **Neupro®** combined net sales reached € 1.2 billion, on track to achieve peak sales guidance of at least € 3.1 billion by 2020.

2015 MILESTONES

2015

JANUARY

Partnership with Neuropore to develop Parkinson's disease therapies

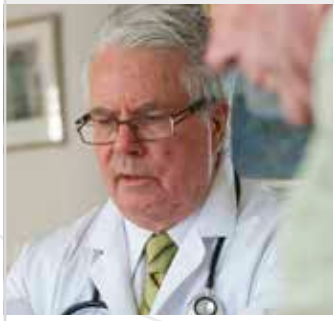
Briviact® *(brivaracetam)*: filing in epilepsy POS (U.S. and EU)

Cimzia®: start of Phase 3 in psoriasis (partner: Dermira)

FEBRUARY

Neupro®: positive Phase 3 results in Parkinson's disease (China)

E Keppra®: approval in epilepsy POS monotherapy (Japan)



Christer, living with Parkinson's disease

MARCH

E Keppra®: filing in epilepsy PGTCS (Japan)

APRIL

Andrea, living with epilepsy

India: divestiture of established brands to Dr. Reddy's

India: partnership with Biogen to distribute their multiple sclerosis products

Vimpat®: start of Phase 3 in epilepsy PGTCS

Issuance of € 350 million senior unsecured bonds

Walk for Africa: over 500 colleagues in 10 countries walked to support the Lubumbashi initiative

MAY

Dr Li Fenli, treating patients with epilepsy

China: partnership with Pfizer to commercialize UCB's allergy franchise, Zyrtec® and Xyzal®

***bimekizumab,* add-on to Cimzia®**: start of Phase 2a in rheumatoid arthritis

Cimzia®: approval in early rheumatoid arthritis (Japan)

JUNE

Vimpat®: filing in epilepsy POS (Japan)

Cimzia®: positive C-EARLY™ Phase 3 (at 52 weeks) results

UCB4144/VR942: start of Phase 1 in asthma (partner: Vectura)

2015 MILESTONES

AUGUST

Neupro®: filing in Parkinson's disease (China)

Keppra®: approval in epilepsy (Brazil)

UCB0942 (PPSI): start of Phase 2 in highly drug resistant epilepsy

UCB1332/NPT200-11: start of Phase 1 in Parkinson's disease (partner: Neuropore)

Caroline, living with psoriatic arthritis

JULY

Sabrina, living with lupus

Vimpat®: filing in epilepsy POS (China)

epratuzumab: Phase 3 did not meet primary endpoints in systemic lupus erythematosus

OCTOBER

Vimpat®: positive Phase 3 results in epilepsy POS monotherapy (EU)

UCB6673: start of Phase 1 in immunology

***bimekizumab* (UCB4940)**: positive Phase 1 results in psoriatic arthritis

SEPTEMBER

Kremers Urban divestiture: definitive agreement with Lannett

romosozumab: positive STRUCTURE results in postmenopausal women with osteoporosis

Cimzia®: start of Phase 3 in non-radiographic axial spondyloarthritis (U.S.)

Ghana: UCB participated in a meeting to define country roadmaps to reduce the epilepsy burden in Africa

DECEMBER

Cimzia®: approval in early rheumatoid arthritis (EU)

Global Green Challenge: implementation of a recovery plan for expired medication at pilot sites

NOVEMBER

Briviact® *(brivaracetam)*: CHMP positive opinion in epilepsy POS (EU)

***seletalisib* (UCB5857)**: start of Phase 2a in Sjögren's syndrome

Kremers Urban: completion of divestiture to Lannett

POS: partrial onset seizures

PGTCS: primary generalized tonic-clonic seizures

CHMP: European Medicines Agency's (EMA's) Committee for Medicinal Products for Human Use

Cimzia®

Reaching **more than**
90 000
patients, across
61 countries

- Crohn's disease
- Rheumatoid arthritis
- Psoriatic arthritis
- Axial spondyloarthritis/ ankylosing spondylitis

Phase 3
- Juvenile idiopathic arthritis (2016)
- Psoriasis (Q1 2017)
- Non-radiographic axial spondyloarthritis (U.S. – 2018)

- Astellas (Japan)
- Dermira (psoriasis)

Patent expiry
2024
(U.S. & EU)

1083 million net sales
>1.5 billion
expected peak sales (by 2020)

Vimpat®

Reaching **more than**
361 000
patients, across
49 countries

Epilepsy POS[1]

Filing in epilepsy POS[1]
- Japan (June 2015)
- China (July 2015)
- EU – monotherapy (Jan 2016)

Phase 3 in epilepsy
- POS[1] – pediatric adj. therapy (2017)
- PGTCS[2] – adj. therapy (2019)

Daiichi Sankyo (Japan)

Patent expiry
2022
(U.S. & EU)

679 million net sales
>1.2 billion
expected peak sales (by 2020)

Neupro®

Reaching **more than**
299 000
patients, across
50 countries

- Parkinson's disease
- Restless legs syndrome

Filing
- China (Aug 2015)

Otsuka (Japan)

Patent expiry
2021
(U.S. & EU)

258 million net sales
>400 million
expected peak sales (by 2020)

Keppra®

Reaching **more than**
1.1 million
of patients, across
62 countries

- Epilepsy POS[1]
- Epilepsy PGTCS[2]
- Epilepsy myoclonic seizures

Approval in epilepsy:
- POS[1] monotherapy and IV formulation (Japan)
- Adjunctive therapy and monotherapy (Brazil)

Filing
- Epilepsy PGTCS[2] – Japan (Mar 2015)

Otsuka (Japan)

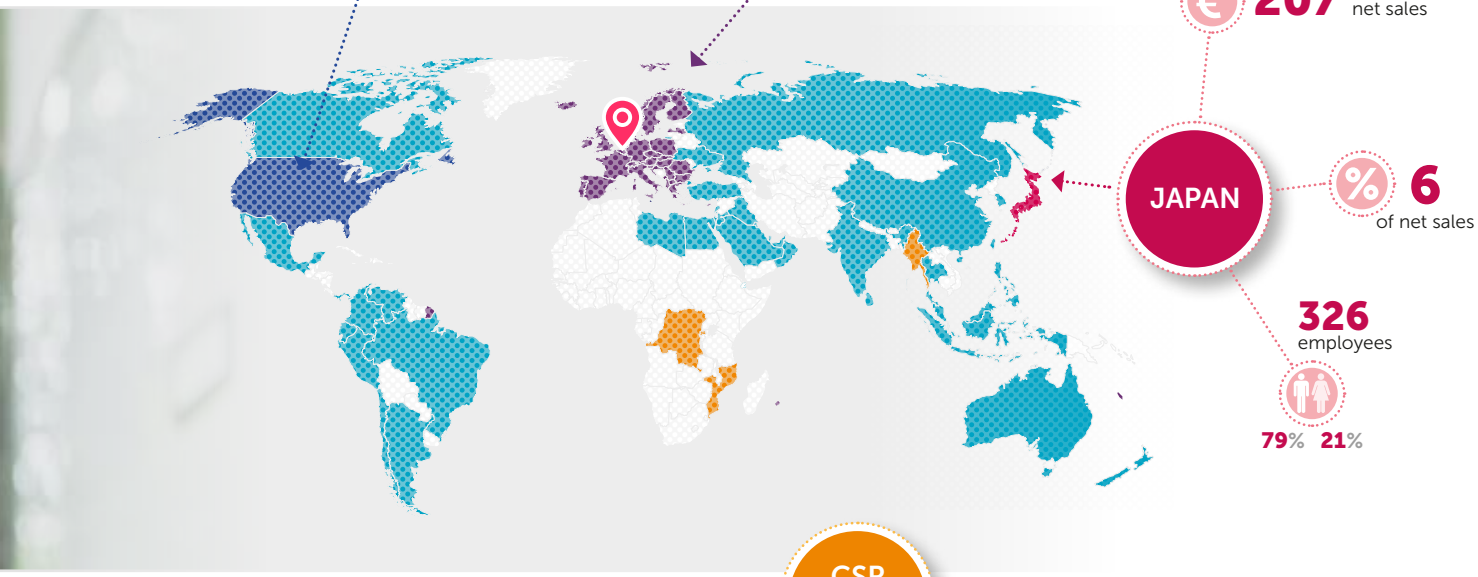
Exclusivity
- Japan – until **2018**
- U.S. – **2008**
- Europe – **2010**

737 million net sales
1.2 billion
peak sales (2008)

1 POS: partial onset seizures
2 PGTCS: primary generalized tonic-clonic seizures

REACHING PATIENTS AROUND THE WORLD

From the heart of Europe to remote villages of China, UCB is committed to bring innovative solutions to patients around the world.



EUROPE
- 1 203 million net sales
- 33 of net sales
- 4 244 employees
- 51% 49%

U.S.
- 1 694 million net sales
- 47 of net sales
- 1 179 employees
- 45% 55%

JAPAN
- 207 million net sales
- 6 of net sales
- 326 employees
- 79% 21%

INT'L MARKETS
- 2 039 employees
- 47% 53%
- 14 of net sales
- 490 million net sales

CSR activities

ADDITIONAL PATIENT INITIATIVES
in collaboration with:
- Fracarita Belgium
- World Health Organization
- Red Cross Society of China
- project HOPE China

5 million people[2]

Epilepsy POS[1]

Briviact®
(brivaracetam)

Filings
- U.S. & EU (Jan. 2015)

Approvals
- Europe (Jan. 2016)
- U.S. (Feb. 2016)

Studies
- Over 3 000 people with epilepsy POS[2]
- Over 8 years of experience for some patients

Catherine, living with epilepsy

75 million people[3]

Osteoporosis

romosozumab

Phase 3
- Postmenopausal women
- Men

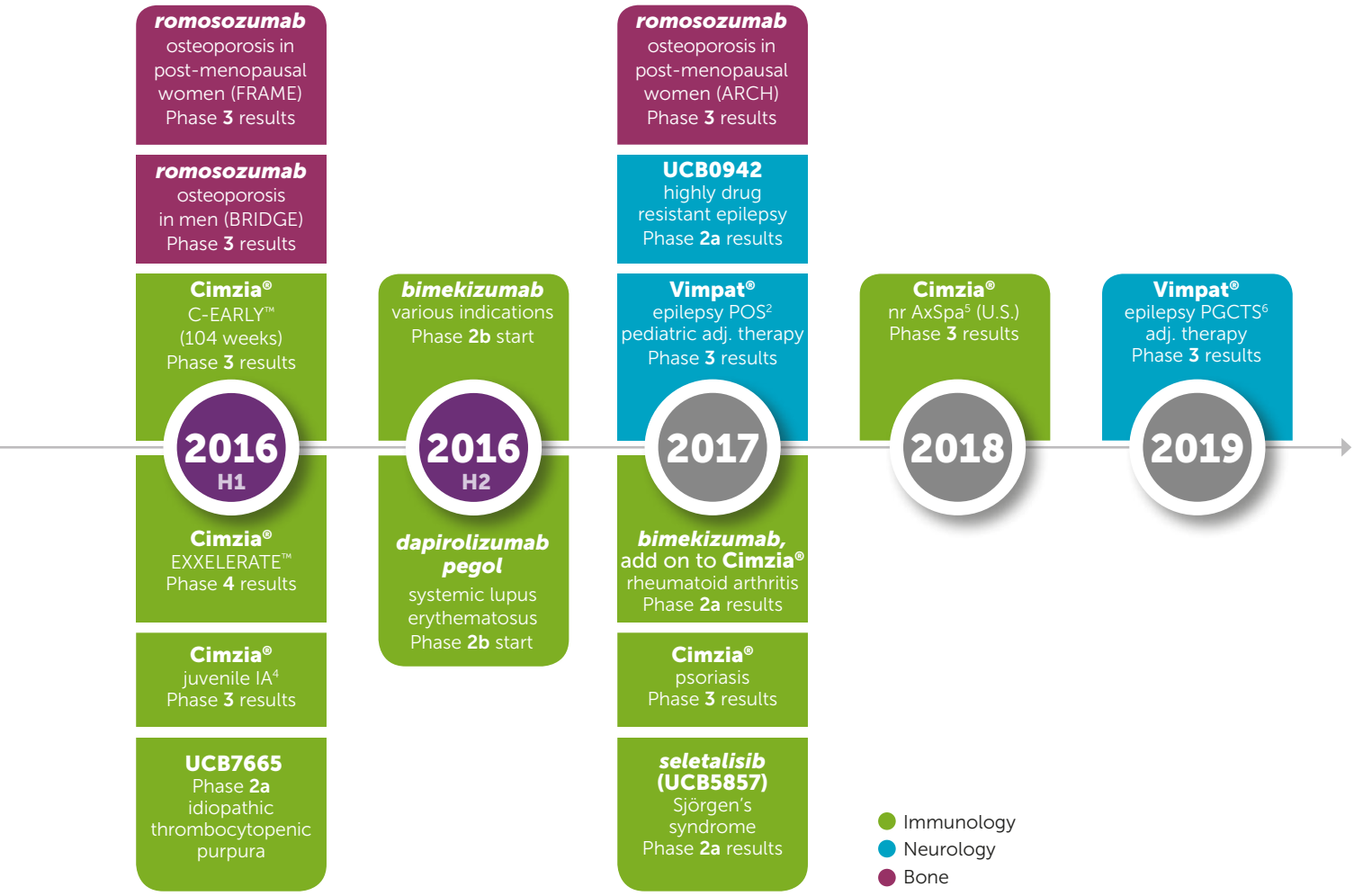
Amgen

Studies
- FRAME (Feb. 2016)
- BRIDGE (H1 2016)
- ARCH (2017)

Lut, living with osteoporosis

R&D MILESTONES

UCB has made the conscious strategic decision to invest a significant amount in R&D (above industry average) to deliver new treatment options to patients, and build the basis for sustainable long-term growth to serve the increasing demand for clear differentiation and value for patients.



For more details, please refer to the R&D update (p. 60-61)

[1] POS: partial-onset seizures

[2] Decision Resource 2015 – Estimated diagnosed prevalent cases of active epilepsy (focal or generalized)

[3] Estimated prevalent cases for all osteoporosis in U.S., Europe and Japan; WHO 2007
WHO Scientific Group on the assessment of osteoporosis at primary health care level

[4] IA: idiotpathic arthritis

[5] nr AxSpa: non-radiographic axial spondyloarthritis

[6] PGTCS: primary generalized tonic-clonic seizures

Given its longstanding expertise in neurology, UCB aspires to bring care and sustainable education to persons living with epilepsy in resource-poor countries and partner with local governmental or non-governmental organizations through 4 objectives.

Improve community awareness

Students from a catering school following a training about epilepsy do's and don'ts (Myanmar)

Provide sustainable education for persons living with epilepsy

Etienne,
living with epilepsy
(DR Congo)

Patient initiatives
4 objectives

Offer neurology training for local health care staff

Pedicatric staff
benefiting from
a neurology course
(China)

Create academic neurology platforms

Dalila,
doctor participating to
the epilepsy initiatve
(Mozambique)

UCB PEOPLE

Employee engagement is critical to bringing the strategy to live. Everyone is invited to embrace UCB's cultural shift exploring the patient value strategy and translating it into specific actions, behaviors, decisions every day.

ENGAGEMENT

Bénédicte, Yuko, Jorge and Corinne, UCB

90% PARTICIPATED TO UCB VOICE SURVEY

86% HAVE THE SENSE OF PERSONAL ACCOMPLISHMENT

84% UNDERSTAND THE PATIENT VALUE STRATEGY

82% ARE ENERGIZED TO "GO THE EXTRA MILE"

7 788
EMPLOYEES GLOBALY

at 31 December 2015

TALENT

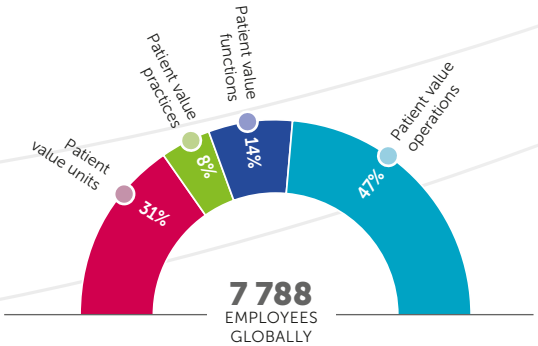
Céline, UCB

51% JOINED UCB IN THE LAST 5 YEARS

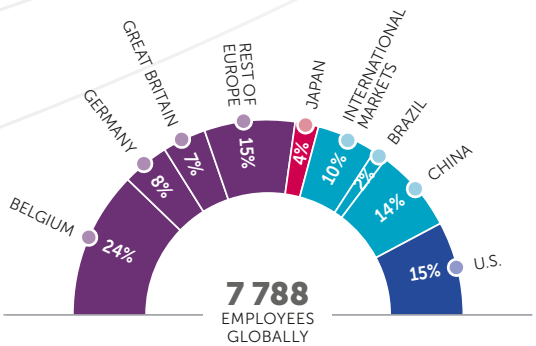
50% WOMEN MEN

68 NATIONALITIES

EMPLOYEES BY ACTIVITY **2015**

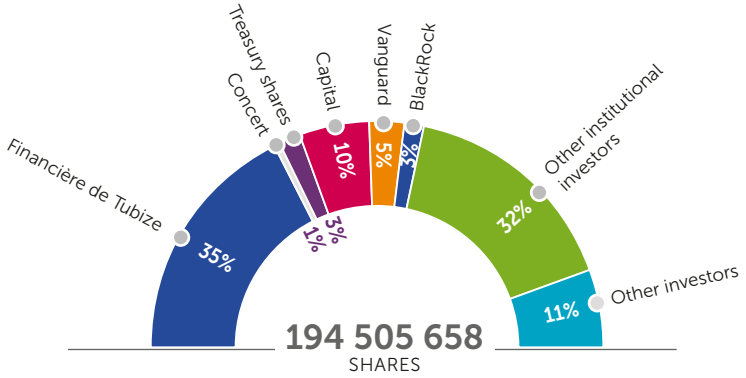


EMPLOYEES BY REGION **2015**



UCB successfully transformed itself into a global biopharma leader thanks to the support of its shareholders, the guidance of the Board of Directors and the leadership of the Executive Committee. These and our dedicated staff have been essential to our success.

SHAREHOLDING STRUCTURE 2015
at 31 December 2015



BOARD OF DIRECTORS
since 30 April 2015

12 MEMBERS

6 INDEPENDENT DIRECTORS

4 WOMEN

5 NATIONALITIES
2 American, 1 Austrian,
5 Belgian, 2 British, 2 French


G. Mayr


J-C. Tellier


N.J. Ornstein


T. McKillop


E. du Monceau


A. Dautry


K. Davies


H. Edelman


A. De Graeve


C. Janssen


C-A. Janssen


C. van Rijckevorsel

EXECUTIVE COMMITTEE
since February 2016

11 MEMBERS

3 WOMEN

6 NATIONALITIES
3 American,
1 American/Australian,
1 Belgian, 1 Dutch, 3 French,
2 German


J-C. Tellier


A. Richo


F. Enderlin


D. Thielgen


I. Kola


P. Richetta


J. Wren


E. Caeymaex


M. McDade


I. Löw-Friedrich


B. Tewarie

For further details, please refer to the corporate governance statement.

UCB ECO-SYSTEM

Every day we all face the reality of an ever-changing and challenging environment. With growing pressure on healthcare systems, big data analytics leading to more integrated, interactive and evolving approaches, and empowered healthcare consumers, the biopharma industry is no exception.

PRESSURE ON HEALTHCARE

Governments and payers around the world, driven by economic constraints, a growing and ageing population, are tightening their healthcare budgets. They strive to allocate definite resources for maximum healthcare impact. This will not only affect the industry's commercial prospects, but could also impede patients' access to new medicines. "Value" increasingly becomes a key resource allocation decision criterion.

UCB is broadening patient access to new medicines by demonstrating differentiation and patient value, focusing on severe diseases with high unmet needs.

MORE INTEGRATED & MORE COMPLEX

Today, stakeholders connect and engage into dialogues; the linear approach (science and research first, followed by clinical, regulatory, pricing and finally physicians) is becoming more and more outdated.

Thanks to new technologies there is an enormous amount of information (big data) being recorded, collected and analyzed through different systems.

Information throughout the health care system is becoming transparent to an extent never experienced before; this builds a basis for comparison and insight that, if combined with technological and scientific advances, can create the foundation to even better and more economical healthcare for all people. UCB is partnering with leading organizations in this area to ensure we can co-create additional value for patients.

EMPOWERED PATIENTS

The rise of the patient's voice is facilitated by the access to information, pushing for a greater recognition that the patient needs to be at the center of all decisions. It already affects public policies and the traditional physician-patient relationship.

The rise of technology and of advanced analytics make it possible to evaluate with better accuracy the real value (outcome) created in the natural environment of patients and also to surround the patient with more integrated care. UCB puts patients at the center of everything we do – thus ensuring to listen and to focus on creating sustainable added value for people living with severe diseases.

TECHNOLOGICAL & SCIENCE EVOLUTION

The biopharmaceutical industry is driven by innovation. The amount of data available to scientists, physicians, payers and regulators has increased.

We now need to translate this knowledge into medicines for patients and do this fast, as patients are waiting. More than ever, science is closer to precisely better defining dedicated solutions. Science allows us to translate the insight from patients into better solutions from patients. Our focus is on discovering breakthrough patient solutions.

The combination of integrated care, better-differentiated solutions and patient involvement offers a significant opportunity to increase our return on patient value creation, resulting in a higher return for UCB and its shareholders.

BRINGING **PATIENT CENTRICITY** TO THE NEXT LEVEL

Keren & Odile, living with epilepsy, talking to **Jean-Christophe**

01. LETTER TO OUR STAKEHOLDERS

Dear shareholders, partners, colleagues, and those living with severe diseases,

Inspired by patients. Driven by science.

We aim to deliver differentiated and sustainable value to patients, which leads to increased value for UCB and its shareholders.

In 2015, UCB has embarked on a very important change journey called **Patient Value Strategy.**

Our performance confirms our strategy and demonstrates that UCB has entered its growth phase, with financials that enable UCB to become the patient preferred biopharma leader with a healthy balance between short-term profitability and long-term sustainable growth.

UCB HAS EMBARKED ON A VERY IMPORTANT CHANGE JOURNEY CALLED PATIENT VALUE STRATEGY.

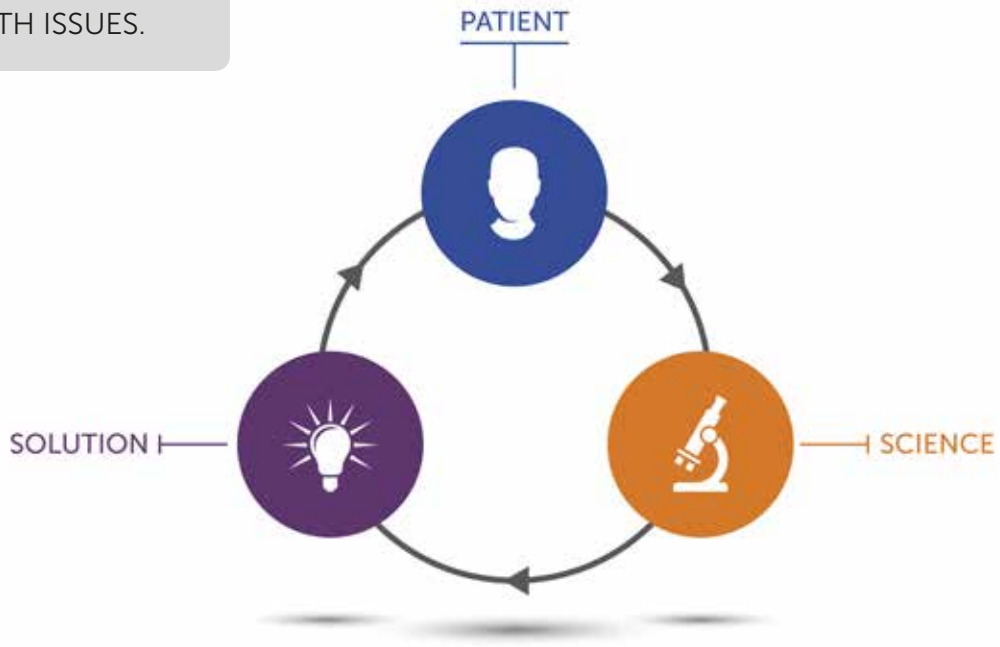
The healthcare markets world-wide continue to rapidly evolve with pressured healthcare budgets, more interdependent stakeholders and increasing involvement of patients. Patients are more engaged, connected and empowered in their healthcare.

This is reflected in increasing demand for true differentiation, outcome orientation and value generation. Value-based pricing of drugs will have a greater impact on reimbursement going forward.

UCB's Patient Value Strategy is going beyond price-cost discussion, reflecting a shift from volume to patient value creation, striving for long-term patient value outcomes and integrates the patients' insight throughout our operating model. Innovation leads to differentiated medicines which secure future sustainability. A network approach strengthens external connections and digital solutions, focuses on competitive strengths and enables a true learning organization. UCB's value proposition as patient preferred biopharma is to deliver growth.

Our operating model from science innovation to clinical development and commercialization is based on understanding the patient environment to deliver compelling value propositions in partnership with stakeholders. By delivering sustainable value for patients we will also deliver value for UCB and its shareholders.

THE HIGH UNMET MEDICAL NEED REMAINS: PATIENTS ARE WAITING FOR SOLUTIONS TO THEIR HEALTH ISSUES.



Sander,
living with lupus

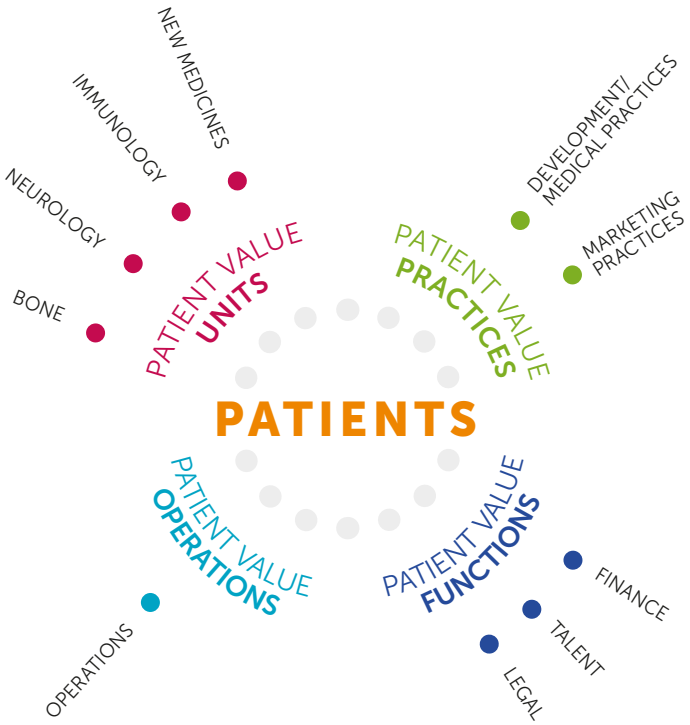
2015: ENTERING OUR GROWTH PHASE

The first step focused on a new organizational model to align with our patient value strategy and ensure globally united patient value units, to leverage synergies and simplify the geographic structure. We adapted the organization structure on four pillars around which we are creating value for each patient, centered by our focus and integrated across functional teams around different patient populations.

We enhanced focus and simplification as we divested non-core assets like established products in India or the specialty generic pharmaceutical company in the U.S., Kremers Urban Pharmaceuticals.

In 2015, we touched the lives of more than 1 850 000 patients, 2% more than in 2014, living with severe neurological or immunological disorders. The continuing growth of **Cimzia®**, **Vimpat®** and **Neupro®** is tracking well, supported by the launch of new indications such as further rheumatology indications and epilepsy monotherapy.

We are well prepared to bring **Briviact®** (*brivaracetam*) to patients living with epilepsy. In January 2016, Briviact® was approved in Europe followed by the U.S. in February 2016. ***Romosozumab***, a potential new option to treat osteoporosis and currently in the last clinical development phase, is progressing as planned. Our early clinical development pipeline expanded significantly, now comprising 8 compounds in neurology and immunology.



Sheila, living with Parkinson's disease, and UCB employees

We generated € 3.88 billion of revenue, thereof € 3.5 billion of net sales, growing by 16% and 20% respectively (CER: +9% and +12%) – mainly deriving from our main medicines Cimzia®, Vimpat®, Neupro® and Keppra®, accounting for 77% of our net sales. Our underlying profitability – recurring EBITDA – reached € 821 million, growing by 35%, and the net profit attributable to UCB shareholders amounted to € 623 million. Hence, we reached our financial targets for 2015 and the Board of Directors is proposing a gross dividend of € 1.10 per share (2014: € 1.06).

We aim to continue this path of sustainable growth – well above the global pharmaceutical market which is estimated to grow around 5% on average per annum in the near- to medium-term. Our growth will be driven by Cimzia®, Vimpat® and Neupro® which are expected to generate combined peak sales of at least € 3.1 billion by 2020. This continued growth path will also enable us to achieve a peer level profitability: 30% recurring EBITDA margin planned for 2018 and a net debt to recurring EBITDA ratio of 1:1 by 2018. 2016 revenue is expected to grow to approximately € 4.0-4.1 billion; recurring EBITDA to € 970-1 010 million.

Wendy,
living with lupus

BY 2020: OPTIMIZING THE PORTFOLIO – PREPARING THE NEXT WAVE OF PRODUCTS

We will continue our growth path – becoming the patient preferred biopharma leader. Cimzia®, Vimpat®, Neupro® and Briviact® (approved in EU and the U.S. in 2016) will drive the company growth – supported by our expected growth in China and Brazil – in the years to come.

We will benefit from a favorable product mix evolution, also thanks to production improvements. We aim to continue an above industry average annual R&D expense ratio (the industry average ratio is around 20%) – thanks to the top line growth at a slightly lower ratio compared to the 27% in 2015, however. We are optimizing our commercial infrastructure bringing our products to patients, generating patient value and sales and marketing efficiencies. By this we are targeting towards a sustainable peer level profitability of 30% in 2018.

Our commitment to breakthrough innovation is unchanged and will accelerate thanks to the patient value innovation and network strategy. We will place greater emphasis on disease modifying, preventive or curing treatments in immunology and neurology as well as serving targeted populations with rare diseases. Strategic partnering will be core based on our focus and clear differentiation criteria to bring true innovation to patients – expanding the bandwidth, resources and expertise, and share risks as well as returns, at the same time.

We thank UCB employees and the Board of Directors, our shareholders and partners for their ongoing commitment to deliver sustainable value for patients.

Sincerely,

Jean-Christophe Tellier
Chief Executive Officer

Gerhard Mayr
Chairman

February 2016

We want to thank you, dear reader, for your interest, your insights and inspiration, your engagement and support and your encouraging and challenging questions. Thank you for continuing our journey with us – we all are "Inspired by patients. Driven by science".

GROW CIMZIA®, VIMPAT® AND NEUPRO®

Cimzia®

Inflammatory TNF–mediated diseases and Crohn's disease

EXPECTED AT LEAST

€ **1.5** billion **peak sales***

€ **1 083** million
2015 NET SALES

Vimpat®

Epilepsy partial onset seizures

EXPECTED AT LEAST

€ **1.2** billion **peak sales***

€ **679** million
2015 NET SALES

Neupro®

Parkinson's disease and restless legs syndrome

EXPECTED AT LEAST

€ **400** million **peak sales***

€ **258** million
2015 NET SALES

* by the end of the decade

In 2015, our 4 main medicines, Cimzia®, Vimpat®, Neupro® and Keppra® helped more than 1 850 000 patients and their families living with severe immunological or neurological disorders. This is an increase of over 2% compared to last year.

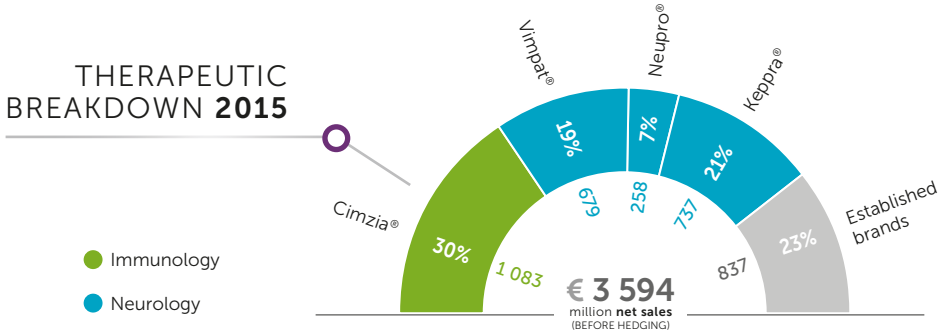
More than 90 000 patients worldwide have used **Cimzia®** *(certolizumab pegol)*, as treatment for their condition, including rheumatoid arthritis, Crohn's disease, psoriatic arthritis, ankylosing spondylitis or non-radiographic axial spondyloarthritis. And, we keep on broadening patient access: in January 2015, a Phase 3 program was initiated in psoriasis by our partner, Dermira; we expect first results by end of first quarter 2017. In September 2015, we started a new Phase 3 study in the U.S. in non-radiographic axial spondyloarthritis; topline results are expected in 2018. To meet the growing demand for Cimzia® across the world, UCB built a "state of the art" biotech plant in Bulle (Switzerland). We will provide commercial product from this plant during 2016. In 2015, Cimzia® reached global net sales of € 1 083 million.

Vimpat® *(lacosamide)* is available to people living with epilepsy. More than 361 000 patients with partial onset seizures (POS) use it as adjunctive therapy or as monotherapy (in the U.S. only) to get control over their seizures. During the summer of 2015, we filed for regulatory approval of Vimpat® in two major countries: Japan and China. Following positive Phase 3 results (October 2015), we filed the monotherapy data with the European authorities in January 2016. In April 2015, we initiated a Phase 3 study in primary generalized tonic-clonic seizures (PGTCS); first results are expected in 2019. Vimpat® generated global net sales of € 679 million.

More and more patients living with Parkinson's disease or restless legs syndrome – over 299 000 in 2015 – use **Neupro®** (*rotigotine* transdermal patch). It was launched in Brazil in April 2015 and in Japan in 2013 where it is growing strongly. Neupro® was filed with the Chinese regulatory authorities in August 2015. The global net sales of Neupro® increased by 29%, to € 258 million.

Keppra® *(levetiracetam)* is a major treatment option for people living with epilepsy worldwide. It has been available to patients in the U.S. and Europe for more than 15 years allowing thousands of them to live more independently from their disease. More and more Japanese epilepsy patients have access to this standard of care since 2010. In 2015, Keppra® was approved in Brazil. Keppra® remains an important contributor to UCB with € 737 million global net sales (+11%) in 2015.

The combined net sales of Cimzia®, Vimpat®,Neupro® and Keppra® grew to € 2 758 million, representing 77% of UCB's global net sales.



€ million	2011*	2012*	2013	2014	2015
REVENUE	**3 246**	**3 462**	**3 133**	**3 344**	**3 876**
Research and development expenses	778	861	886	928	1 037
R&D expense/revenue ratio	24%	25%	28%	28%	27%
RECURRING EBITDA	**687**	**684**	**536**	**609**	**821**
REBITDA/revenue ratio	21%	20%	17%	18%	21%
Profit attributable to UCB shareholders	238	249	160	209	623
Core EPS (€ per non-diluted share)	**1.91**	**2.10**	**1.24**	**1.69**	**2.17**
Net debt	1 548	1 766	1 998	1 611	921
Net debt/REBITDA ratio	2.25	2.58	3.73	2.65	1.12
Cash flow from continuing operations	292	355	267	537	204
Capital expenditure (including intangible assets)	137	221	344	161	146

* 2011 and 2012 financial data still include Kremers Urban

WE MET OUR 2015 FINANCIAL TARGETS

> Topline performance was driven by product growth: Cimzia®, Vimpat®, Neupro® and® Keppra now accounting for 77% of UCB's total net sales.

> Recurring EBITDA increase reflects strong net sales growth and an under-proportional growth of operating expenses supported by tailwind from foreign exchange rates.

> In-line with UCB's long-term dividend policy the Board of Directors proposes a gross dividend of € 1.10 (2014: € 1.06).

To support the well advanced, late-stage clinical development pipeline – Briviact® (*brivaracetam*) and *romosozumab* – as well as an attractive growing early-stage pipeline (including 8 new molecular entities in immunology and neurology), we spent € 1 037 million in research and development; this is 27% of revenue – higher than industry average of 20%.

Profit attributable to UCB shareholders increased from € 209 to € 623 million, supported by the divestiture of our generic business in the U.S., Kremers Urban, to Lannett for US$ 1.23 billion. The proceeds will be used for the reduction of debt, increasing strategic flexibility.

We also set mid-term targets:

> **30% recurring EBITDA** margin in 2018. To reach our competitive profitability, and bring UCB to peer's margin level, we expect that the increase in net sales generated by Cimzia®, Vimpat® and Neupro® world-wide. The continuously improved reallocation of resources as well as tight cost management through a disciplined activity based budgeting approach will improve our competitive profitability and accelerate towards peer level in 2018. In 2015 the recurring EBITDA margin reached 21%, compared to 18% in 2014.

> **A net debt:** recurring EBITDA ratio of 1:1 by 2018. At the end of 2015, net debt was € 921 million.

> **Combined Cimzia®, Vimpat®, Neupro® peak sales** of at least € 3.1 billion by 2020. In 2015, net sales of our core products reached € 2 billion, on track to deliver this guidance.

PREPARE FOR PATIENT ACCESS TO BRIVIACT® AND *ROMOSOZUMAB*

Anja, Monica, Lloyd and Wieke, living with epilepsy

UCB is committed to providing new treatment options for patients living with neurological and auto-immune diseases, among which is epilepsy. It all started with Keppra® back in 2000, followed by Vimpat® in 2008 and now, Briviact® in 2016.

Following approval as an adjunctive treatment for partial-onset seizures in Europe and the U.S. early 2016, **Briviact®** *(brivaracetam)* could bring more options to patients living with epilepsy and to doctors struggling to find the right treatment. It will be available for people living with epilepsy who cannot control their seizures with current antiepileptic drugs, in the course of 2016.

Another exciting milestone for people living with osteoporosis is the progress of the ***romosozumab*** development program, in partnership with Amgen. One in 3 women and 1 in 5 men over 50 will suffer an osteoporotic fracture in their remaining lifetime. FRAME, a placebo-controlled clinical study and the first of two large Phase 3 studies which together involve more than 10 000 women with osteoporosis, reported positive topline results in February 2016. In meeting the co-primary endpoints, *romosozumab* has shown to be effective in reducing the incidence of new vertebral fractures at months 12 and 24. The study also met the secondary endpoint of reducing the incidence of clinical fractures (composite of vertebral and non-vertebral fractures) in postmenopausal women with osteoporosis through 12 months. The secondary endpoint of reducing the incidence of non-vertebral fractures through months 12 and 24 was not met. ARCH, a Phase 3 study, which includes an active comparator and is considered important by the European regulatory authorities, is expected to report results in 2017. The BRIDGE study evaluating *romosozumab* in the treatment of male osteoporosis is expected to be completed in the first half of 2016.

In July 2015, the Phase 3 program evaluating ***epratuzumab*** in systemic lupus erythematosus did not meet its primary endpoints. This outcome was a disappointment for UCB and the many individuals with lupus that are seeking new therapies. UCB remains committed to delivering value for patients living with lupus and other serious immunologic diseases. We would like to express our sincere thanks to the patients and clinical investigators who contributed to the EMBODY™ program, without whom this research could not have been possible. We look forward to our continued work with the lupus community, amplifying the patient voice.

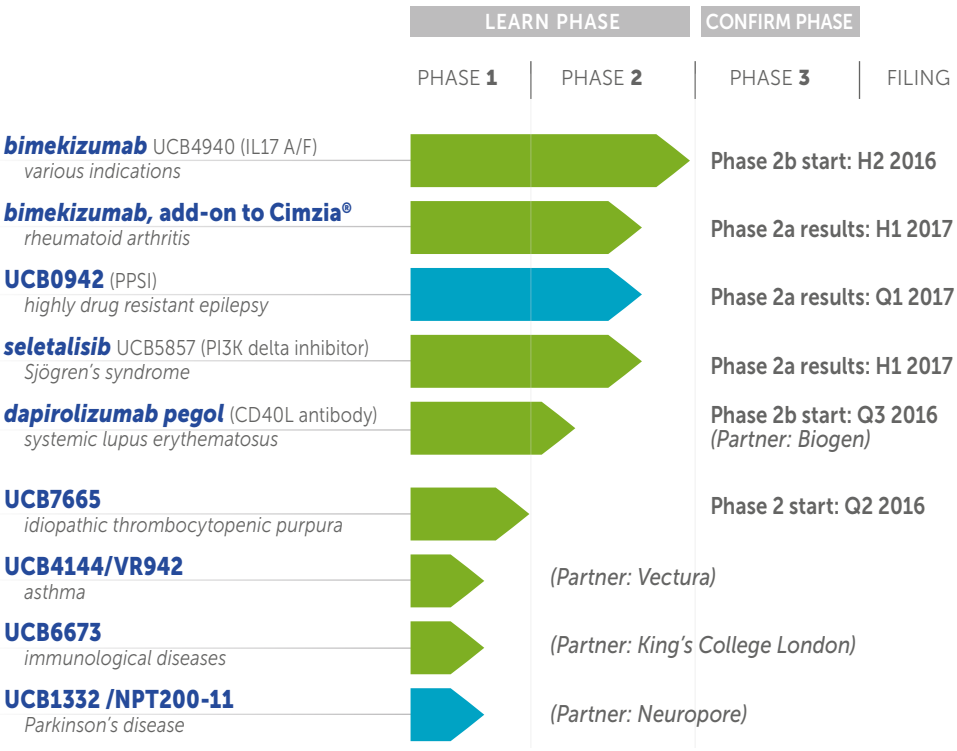
PREPARE THE BREAKTHROUGH

In a challenging environment, our pipeline builds the basis of UCB's sustainable long-term growth. To create a pipeline that will make a real difference in people's lives, we have to remain focused on our key assets: our expertise in small and large molecules and our expertise in the fields of neurology and auto-immune diseases.

We set up clear milestones for our research and development programs that enable us to make robust data-driven decisions. We focus on breakthrough innovative approaches with the potential to offer true differentiation and value added for patients. To get a clear proof of concept, we carefully design our clinical trials to get the right molecule to the right patient for the right indication.

We aim for a strong signal, positive or negative, so we can rapidly advance promising molecules into innovative therapies – enabling patients to live the lives they want to live.

At the end of 2015, we had 8 new molecular entities in Phase 1 or 2; we had 5 early 2015. We might not bring them all to the markets but every project is a learning experience. We might decide at some point to partner with another organization to maximize its potential and reach as many patients as possible. For a company of our size, we consider it is vital to remain focused.



ENGAGE

There is no such thing as an "average patient". We want to use all the tools, channels and scientific advances at our disposal to develop a better understanding of the various expressions of a disease and embed the real needs of specific patient populations in our science and innovation process.
Rather than commencing research on a new drug solely from a scientific perspective, we want to better connect patients insight with science and science with patients. Better understanding the reality of patients living with neurological and immunological disorders will enable us to take a more holistic approach to care. To achieve this we are leveraging scientific advances and skills in areas such as genetics, biomarkers and human biology. We want to enhance our knowledge of the various expressions of a disease and the real life experience of patients so that ultimately our teams are able to deliver the right drug and the right care to the right patient.

THE KEY ELEMENT OF OUR EVOLUTION: TO DELIVER SUSTAINABLE VALUE FOR PATIENT

Everything we do starts with a simple question, "how will this create value for people living with severe disease?" Everyone of our 7 788 colleagues is invited to make their mark and become a key part of the company's evolution. We ensure everyone has the tools to engage effectively while ensuring we meet all safety, quality, regulatory, legal and environmental requirements. Wherever in the world we are based, and no matter what role we play in the company, we believe every one of us can have an impact across our organization.

The complexity of severe diseases is beyond the expertise and resources of a single company. Over the years, UCB has built a strong network of partnerships and alliances across the value chain: from research to commercialization, through development. What is true for our internal organization is also true for our external collaboration: we build on our partner's strengths to maximize our potential to deliver patient value; from major pharmaceutical companies (Pfizer, Sanofi) to smaller ones (Vectura, Neuropore); from Japan (Otsuka, Astellas, Daiichi Sankyo) to China (Biogen); with universities and academia across the world (Oxford, Harvard, King's College London, Université de Liège, Katholieke Universiteit Leuven).

We engage to better understand their views and missions, then teamed up to deliver better outcomes for patients.
Here are a few examples of our engagement in 2015:

> In the spirit of transparency and open innovation, UCB started to share clinical data on its website as well as on an external platform, called the Multi-Sponsor Environment. This should hopefully open new avenues for researchers, academics and, ultimately, patients – while of course maintaining patient privacy. UCB also joined a consortium of academic and industry institutions in the UK, led by the University of Manchester, on a 4-year project aimed at eliminating the "trial and error" approach to the treatment of lupus.

> UCB joined 10 pharma and biotech companies as part of the Genomics Expert Network for Enterprises (GENE) Consortium to accelerate the development of new diagnostics and treatments for patients. Bringing together over 4 000 UK clinicians and scientists as well as over 500 international collaborators at the forefront of genomic medicine, it is a unique partnership between academia, the industry and the UK NHS (National Health Service) Genomic Medicine Centres.

> UCB met with senior officials of the European Medicines Agency (EMA) for an update on our early and late-stage pipeline and a discussion on patient-focused drug development. It resulted in a productive discussion on early development of Patient Report Outcomes and the use of social media to understand patients' unmet needs in populations with a small number of patients (orphan diseases), as well as other ways of gathering and presenting patient insights to regulators.

Participants at the hackathon, Brussels

> UCB organized an epilepsy hackathon – "Hack Epilepsy" – bringing together designers, app developers and other digital experts to leverage their creativity and specialist skills to build digital tools that can address the challenges of living with epilepsy. Patients and doctors explained epilepsy and what it means to live with unpredictable seizures allowing participants to gain the insights they needed to develop meaningful prototype digital solutions which can make a much-needed difference to the epilepsy community.

Alexander,
living with epilepsy

02. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

1. CORPORATE GOVERNANCE STATEMENT
2. BUSINESS PERFORMANCE REVIEW

1. CORPORATE GOVERNANCE STATEMENT

David,
living with epilepsy

As a Belgian-headquartered company with a commitment to the highest standards of corporate governance, the Board of Directors (the "Board") of UCB SA/NV ("UCB") adopted a Charter of Corporate Governance (the "Charter") in October 2005, as required by the Belgian Code on Corporate Governance (first edition, 2004). Pursuant to article 96, section 1, 1° of the Belgian Companies Code, UCB follows the principles of the 2009 Belgian Code on Corporate Governance (the "Corporate Governance Code"), taking into account the specific international aspects of UCB[1].

The Charter is available on the UCB website at www.ucb.com/investors/Governance/Principles-codes-and-guidelines and describes the main aspects of the corporate governance of UCB, including its governance structure and the terms of reference of the Board, as well as those of its committees and the Executive Committee. The Charter is updated from time to time during the year and annually reviewed by the Board to be in line with the applicable Laws and regulations, the Corporate Governance Code and their interpretation.

In accordance with the Belgian Companies Code and with the Corporate Governance Code, the following pages provide factual information about the corporate governance of UCB. This includes changes to the corporate governance of UCB, together with relevant events that occurred in 2015, such as changes in UCB's capital or shareholder structure, the amendments in the governance and in the composition of the Board as well as the committees, the main features of UCB's internal control and risk management systems, and the remuneration report. It also includes explanations, where applicable, of any deviations from the Corporate Governance Code.

[1] The "2009 Belgian Code on Corporate Governance" is available on the website of the Belgian Corporate Governance Committee (http://www.corporategovernancecommittee.be)

DIRECTORS AND AUDITORS

SITUATION AS OF 1 JANUARY 2016

BOARD OF DIRECTORS

- **Gerhard Mayr**, Chair
- **Evelyn du Monceau**, Vice Chair
- **Jean-Christophe Tellier**, Executive Director and CEO
- **Alice Dautry**, Director
- **Kay Davies**, Director
- **Albrecht De Graeve**, Director
- **Harriet Edelman**, Director
- **Charles-Antoine Janssen**, Director
- **Cyril Janssen**, Director
- **Tom McKillop**, Director
- **Norman J. Ornstein**, Director
- **Cédric van Rijckevorsel**, Director

SECRETARY OF THE BOARD OF DIRECTORS

- **Xavier Michel**, Vice-President and Secretary General

STATUTORY AUDITOR

- The permanent representative designated by PwC Bedrijfsrevisoren BV CVBA/Reviseurs d'Entreprises SC SCRL for UCB in Belgium, is SC SPRL Romain Seffer, represented by Mr. Romain Seffer, registered auditor.

HONORARY DIRECTORS

- **André Jaumotte**, Honorary Chair
- **Mark Eyskens**, Honorary Chair
- **Georges Jacobs de Hagen**, Honorary Chair
- **Karel Boone**, Honorary Chair
- **Daniel Janssen**, Honorary Deputy Chair
- **Prince Lorenz of Belgium**
- **Alan Blinken**
- **Arnoud de Pret**
- **Michel Didisheim**
- **Roch Doliveux**
- **Peter Fellner**
- **Guy Keutgen**
- **Jean-Pierre Kinet**
- **Paul Etienne Maes**
- **Gaëtan van de Werve**
- **Jean-Louis Vanherweghem**
- **Bridget van Rijckevorsel**

HONORARY CHAIRMEN OF THE EXECUTIVE COMMITTEE

- **Daniel Janssen**
- **Paul Etienne Maes**
- **Georges Jacobs de Hagen**
- **Roch Doliveux**

BOARD OF DIRECTORS

Gerhard Mayr,
Director

1946 – Austrian

UCB BOARD
> Member since 2005
> Chairman of the Board (2012)
> Member of the Audit Committee (2011)
> End of term: 2019

EXPERIENCE
Over 30 years in the pharmaceutical sector, with Eli Lilly where he held several senior executive positions

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of Almirall SA

Alice Dautry,
Independent Director

1950 – French

UCB BOARD
> Member since 2015
> Member of the Scientific Committee (2015)
> End of term: 2019

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

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of Trustees of Institute of Science and Technology Austria
> Member of the Supervisory Board of KLM

Jean-Christophe Tellier,
Executive Director

1959 – French

UCB BOARD
> Member since 2014

EXPERIENCE
Over 25 years in the pharmaceutical sector, with Ipsen and Novartis where he held several senior executive positions.

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of BIO
> Member of the Board of EFPIA

Harriet Edelman,
Independent Director

1956 – American

UCB BOARD
> Member since 2012
> Member of the Governance, Nomination and Compensation Committee (2015)
> End of term: 2016

EXPERIENCE
Over 30 years in consumer goods and banking with senior positions in global operations, marketing and technology. Now with Emigrant Bank

MAIN EXTERNAL APPOINTMENTS
> Vice-Chair of Emigrant Bank
> Member of the Board of Brinker International, Inc.
> Member of the Board of Trustees of Bucknell University
> Member of the Board of Trustees of New York Blood Center

Evelyn du Monceau,
Director

1950 – Belgian

UCB BOARD
> Member since 1984
> Vice Chair of the Board (2006)
> Chair of the Governance, Nomination and Compensation Committee (2006)
> End of term: 2019

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

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of Financière de Tubize SA
> Member of the Board of Solvay SA
> Member of the Compensation and Nomination committees of Solvay SA

Norman J. Ornstein,
Independent Director

1948 – American

UCB BOARD
> Member since 2008
> End of term: 2019

EXPERIENCE
Over 40 years as scholar and analyst of American politics and policy

MAIN EXTERNAL APPOINTMENTS
> Senior counselor to the Continuity of Government Commission

Board biographies available on
http://www.ucb.com/investors/Governance/Corporate-governance

Tom McKillop,
Independent Director

1943 – British

UCB BOARD
> Member since 2009
> Member of the Governance, Nomination and Compensation Committee (2010)
> End of term: 2016

EXPERIENCE
Over 40 years of global operating experience, in pharmaceuticals (ICI, AstraZeneca) and banking (Royal Bank of Scotland)

MAIN EXTERNAL APPOINTMENTS
> Chairman of the Board of Evolva Holdings SA
> Member of the Board of Alere, Inc.
> Member of the Board of Almirall SA

Charles-Antoine Janssen,
Director

1971 – Belgian

UCB BOARD
> Member since 2012
> Member of the Audit Committee (2015)
> End of term: 2016

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 Kois Invest
> Co-founder, board member and advisory board member of various private companies, non-profit organisations and private equity funds

Kay Davies,
Independent Director

1951 – British

UCB BOARD
> Member since 2014
> Chair of the Scientific Committee (2014)
> End of term: 2018

EXPERIENCE
Over 20 years in scientific research at Oxford University where she heads the MRC Functional Genomics Unit

MAIN EXTERNAL APPOINTMENTS
> Director of Biotech Growth Trust
> Deputy Chair of the Wellcome Trust

Cédric van Rijckevorsel,
Director

1970 – Belgian

UCB BOARD
> Member since 2014
> End of term: 2018

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

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of Financière de Tubize SA
> Member of the Board of IDS Capital
> Member of the Board of Barnfin SA

Albrecht De Graeve,
Independent Director

1955 – Belgian

UCB BOARD
> Member since 2010
> Member (2010) and Chairman (2015) of the Audit Committee
> End of term: 2017

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

MAIN EXTERNAL APPOINTMENTS
> Chairman of the Board of Bekaert NV
> Chairman of the Board of Telenet NV
> Member of the Board of Sibelco NV

Cyril Janssen,
Director

1971 – Belgian

UCB BOARD
> Member since 2015
> End of term: 2019

EXPERIENCE
Over 20 years in project management and supporting SME's, through several Board mandates, funds and holding companies.

MAIN EXTERNAL APPOINTMENTS
> Member of the Board of Financière de Tubize SA

1.1 | CAPITAL AND SHARES

1.1.1 | CAPITAL

The capital of UCB has not been modified in 2015.

On 31 December 2015, it amounted to € 583 516 974 and was represented by 194 505 658 shares.

1.1.2 | SHARES

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

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

On 1 January 2014, the UCB bearer shares were by force of Law automatically converted into dematerialized shares. UCB had to register them in its securities account in its own name. However, this did not grant UCB any title on the shares, as UCB merely held them on behalf of their unknown owners. The rights attached to the claimed bearer shares – such as the dividend rights, the right to participate in and vote at the General Meetings and the preferential subscription rights in the case of a capital increase – were suspended since 1 January 2014 until the rightful owners had obtained the timely registration of their shares in their own name or until the mandatory sale of the unclaimed bearer shares.

As of 1 January 2015, through a mandatory sale process imposed by the above mentioned Belgian Law of 14 December 2005, UCB offered all unclaimed bearer shares for sale on the Euronext Brussels Stock Exchange. UCB announced this mandatory sale on 7 May 2015 in accordance with the applicable regulations. After the unclaimed bearer shares were sold, UCB has deposited the net proceeds of the sale with the Belgian Deposit and Consignments Fund ("Caisse des dépôts et consignations"/"Deposito- en Consignatiekas") on 23 June 2015. As of that moment, UCB no longer intervenes in the process. As of 1 January 2016, the rightful owners of the underlying bearer shares have the right to claim the payment of the corresponding net proceeds from the Belgian Deposit and Consignment Fund subject to evidence of their valid title to the shares. The Belgian Law of 14 December 2005 provides that, as of 1 January 2016, such repayment is 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 on the dematerialization and conversion process are available on UCB website (http://www.ucb.com/investors/governance/shareholders-information).

Registered UCB shares are recorded in the share register of UCB.

All UCB shares are admitted for listing and trading on Euronext Brussels.

1.1.3 | CONVERTIBLE BONDS

As per 19 March 2014, UCB no longer had any convertible bonds outstanding.

1.1.4 | TREASURY SHARES

In accordance with article 12, §2 of the Articles of Association of UCB, the Extraordinary General Meeting of 24 April 2014 decided to renew, for a period of 2 years, the authorization granted to the Board of Directors to acquire, on or outside of the stock exchange, by way of purchase, exchange, contribution or any other kind of acquisition, directly or indirectly, up to 10% of the total number of UCB shares for a price or an exchange value per share of maximum the highest price of the UCB share on Euronext Brussels on the day of the acquisition and minimum € 1, without prejudice to article 208 of the Royal Decree of 31 January 2001. The authorization granted to the Board of Directors extends to any acquisitions of UCB shares by the direct subsidiaries of UCB as defined in article 627 of the Belgian Companies Code. This authorization replaced the previous 5 year authorization granted by decision of the Extraordinary General Meeting of 6 November 2009. As the case may be, any disposal of own shares by UCB or its direct subsidiaries can be made pursuant to the authorization granted to the Board of Directors as set forth in article 12 in fine of the Articles of Association.

UCB acquired 6 544 135 and transferred 2 775 192 UCB shares in 2015. On 31 December 2015, UCB held a total of 5 008 213 UCB securities representing, if exercised, 2.57% of the total number of UCB shares. That holding of UCB securities consists of 4 008 213 shares and 1 000 000 assimilated financial instruments (outstanding options).

UCB Fipar SA, an indirect subsidiary of UCB, acquired 2 300 000 UCB shares in 2015 and sold 200 210 UCB shares in 2015. On 31 December 2015, UCB Fipar SA held a total of 2 677 009 UCB securities representing, if exercised, 1.38% of the total number of UCB shares. That holding of UCB securities consists of 2 242 009 shares and 435 000 assimilated financial instruments (outstanding options).

The UCB shares were acquired by UCB and UCB Fipar SA amongst others in order to cover part of UCB's obligations resulting from the employees' stock option plans, stock award plans and performance share plans.

For additional details, please refer to note 24.3 Treasury shares.

1.1.5 | AUTHORIZED CAPITAL

The Extraordinary General Meeting of 24 April 2014 decided to give an authorization to the Board (and to amend the Articles of Association accordingly), for a period of 2 years, to increase the share capital, amongst other by way of the issuance of shares, convertible bonds or warrants, in one or more transactions, within the limits set by Law,

i. with up to 5% of the share capital 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);

ii. with up to 10% of the share capital at the time of the decision of the Board to make use of this authorization, in the event of a capital increase without cancellation or limitation of the preferential subscription rights of the existing shareholders.

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

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

1. a capital increase or the issuance of convertible bonds or warrants with cancellation or limitation of the preferential subscription rights of the existing shareholders;

2. a capital increase or the issuance of convertible bonds 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;

3. a capital increase by incorporation of reserves.

Any such capital increase may take any and all form, including, but not limited to, contributions in cash or in kind, with or without share premium, 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.

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.

1.2 | SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

1.2.1 | REFERENCE SHAREHOLDER

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.

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

	CONCERT		OUTSIDE CONCERT		TOTAL	
	VOTING RIGHTS	%	VOTING RIGHTS	%	VOTING RIGHTS	%
Financière Eric Janssen SPRL	8 525 014	19.14%	1 988 800	4.46%	10 513 814	23.60%
Daniel Janssen	5 881 677	13.20%	-	-	5 881 677	13.20%
Altaï Invest SA	4 969 795	11.16%	-	-	4 969 795	11.16%
Barnfin SA	3 899 833	8.75%	-	-	3 899 833	8.75%
Jean van Rijckevorsel	7 744	0.02%	-	-	7 744	0.02%
Total voting rights held by the reference shareholders	**23 284 063**	**52.27%**	**1 988 800**	**4.46%**	**25 272 863**	**56.73%**
Other shareholders	-	-	19 275 735	43.27%	19 275 735	43.27%
Total voting rights	**23 284 063**	**52.27%**	**21 264 535**	**47.73%**	**44 548 598**	**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.

1.2.2 | TRANSPARENCY DECLARATIONS

During 2015, UCB received the following transparency notifications:

- on 9 January 2015, UCB sent a transparency notification to the Financial Services and Markets Authority ("FSMA"), providing an annual update on the transactions in UCB shares by UCB and its indirect subsidiary UCB Fipar SA;
- on 17 November 2015, UCB received a transparency notification from The Capital Group Companies Inc., stating that The Capital Group Companies Inc., including the holdings of its affiliates, as of 13 November 2015, owned 19 462 506 UCB shares with voting rights, representing 10.01% of the total number of shares issued by UCB;
- on 4 December 2015, UCB received a transparency notification from BlackRock Inc., stating that BlackRock Inc., including the holding of its affiliates, as of 30 November 2015, owned 5 964 748 UCB shares with voting rights, representing 3.07% of the total number of shares issued by UCB;
- on 18 December 2015, UCB received a transparency notification from Tubize and Schwarz Vermögensverwaltung GmbH & Co. KG ("Schwarz"), stating that Tubize, as of 14 December 2015, owned 68 076 981 UCB shares with voting rights, representing 35.00% of the total number of shares issued by UCB.

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

1.2.3 | RELATIONSHIP WITH AND BETWEEN SHAREHOLDERS

Please refer to note 40.2 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.

With respect to its shareholding in UCB, Tubize is acting in concert with Schwarz, *i.e.* they have entered into an agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to UCB and concerning the possession, acquisition or transfer of voting securities (cf. article 3, §1, 13°, b) and c) of the Law on the disclosure of large shareholdings and article 3, §1, 5°, b) of the Law on public takeover bids).

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

On 31 August 2015, UCB received an updated notification pursuant to article 74, §8 of the Law on public takeover bids from Tubize and Schwarz (this notification is available on UCB website), in which is declared that:

- Tubize and Schwarz are acting in concert;
- Tubize held 66 370 000 UCB shares on a total number of 194 505 658 (*i.e.* 34.12%);
- Schwarz held 2 471 404 UCB shares on a total number of 194 505 658 (*i.e.* 1.27%);
- Tubize and Schwarz did not proceed to any transfer of securities carrying voting rights since the previous notification dated 25 August 2014.

Following the transparency notification from Tubize and Schwarz received on 18 December 2015, Tubize and Schwarz now collectively hold 36.27% of the total number of UCB shares.

1.2.4 | SHAREHOLDER STRUCTURE

Apart from the notifications mentioned above under 1.2.2 and 1.2.3, UCB and its subsidiaries also hold UCB shares (see below for an up-to-date overview of their shareholdings).

The remaining UCB shares are held by the public.

Please find on the next page an updated 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 2 May 2007 on the disclosure of large shareholdings, the notification received pursuant to article 74, §8 of the Law of 1 April 2007 on public takeover bids and the notifications to the FSMA pursuant to the Law of 2 August 2002 on the supervision of the financial sector and the financial services (situation as at 31 December 2015):

	Last update: 31 December 2015			SITUATION AS PER*
	Share capital €	**583 516 974**		13 March 2014
	Total number of voting	**194 505 658**		13 March 2014
1	**Financière de Tubize SA ("Tubize")**			
	securities carrying voting rights (shares)	68 076 981	35.00%	18 December 2015
2	**Schwarz Vermögensverwaltung GmbH & Co. KG ("Schwarz")**			
	securities carrying voting rights (shares)	2 471 404	1.27%	13 March 2014
	Tubize + Schwarz[3]			
	securities carrying voting rights (shares)	**70 548 385**	**36.27%**	
3	**UCB SA/NV**			
	securities carrying voting rights (shares)	4 008 213	2.06%	31 December 2015
	assimilated financial instruments (options)[1]	1 000 000	0.51%	17 November 2015
	assimilated financial instruments (other)[1]	0	0.00%	18 December 2015
	TOTAL	**5 008 213**	**2.57%**	
4	**UCB Fipar SA**			
	securities carrying voting rights (shares)	2 242 009	1.15%	31 December 2015
	assimilated financial instruments (options)[1]	435 000	0.22%	03 June 2015
	assimilated financial instruments (other)[1]	0	0.00%	25 December 2015
	TOTAL	**2 677 009**	**1.38%**	
	UCB SA/NV + UCB Fipar SA[2]	**7 685 222**	**3.95%**	
	securities carrying voting rights (shares)	6 250 222	3.21%	
	assimilated financial instruments (options)[1]	1 435 000	0.74%	
	assimilated financial instruments (other)[1]	0	0.00%	
	Free float[4] (securities carrying voting rights (shares))	**117 707 051**	**60.52%**	
5	**The Capital Group Companies Inc.**			
	securities carrying voting rights (shares)	19 462 506	10.01%	13 November 2015
6	**Vanguard Health Care Fund**			
	securities carrying voting rights (shares)	9 741 353	5.01%	28 October 2015
7	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	5 964 748	3.07%	30 November 2015

(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 of the Royal Decree of 14 February 2008 on the disclosure of large shareholders, which, if exercised, grant an additional voting right: *i.e.*, securities, options, futures, swaps, interest term agreements and other derivatives concerning existing securities carrying voting rights that grant their holder the right to acquire such securities carrying voting rights pursuant to an agreement that is binding under the applicable law and only on the holders' own initiative.

[2] UCB SA/NV indirectly controls UCB Fipar SA | article 6, §5, 2° and article 9, §3, 2° of the Law on the disclosure of large shareholdings.

[3] Tubize and Schwarz have declared to be acting in concert | article 6, §4 and article 9, §3, 3° of the Law on the disclosure of large shareholdings.

[4] Free float being the UCB shares not held by the Reference Shareholder (Tubize), Schwarz, UCB SA/NV or UCB Fipar SA. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation, to the exclusion of assimilated financial instruments.

1.2.5 | GENERAL MEETING OF SHAREHOLDERS

In accordance with the Articles of Association, the Annual General Meeting takes place on the last Thursday of April at 11.00 AM CET. In 2016, this will be on 28 April.

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 Corporate Governance Charter, which are available on the UCB website (http://www.ucb.com/investors/Governance/Principles-codes-and-guidelines).

1.3 | BOARD OF DIRECTORS AND BOARD COMMITTEES

1.3.1 | BOARD OF DIRECTORS

COMPOSITION OF THE BOARD AND INDEPENDENT DIRECTORS

As of the General Meeting held on 30 April 2015, the Board of Directors was composed as follows:

	FIRST APPOINTED AS DIRECTOR	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR
Gerhard Mayr, Chair	2005	2019	
Evelyn du Monceau, Vice Chair	1984	2019	
Jean-Christophe Tellier, Executive Director and CEO	2014	2018	
Alice Dautry	2015	2019	x
Kay Davies	2014	2018	x
Albrecht De Graeve	2010	2017	x
Harriet Edelman	2012	2016	x
Charles-Antoine Janssen	2012	2016	
Cyril Janssen	2015	2019	
Tom McKillop	2009	2016	x
Norman J. Ornstein	2008	2019	x
Cédric van Rijckevorsel	2014	2018	

In 2015, Jean-Pierre Kinet retired and Arnoud de Pret reached the age limit of 70 years (article 3.2.4 of the Charter). The General Meeting of 30 April 2015 appointed Alice Dautry as independent Director for a mandate of four years, in replacement of Jean-Pierre Kinet, and Cyril Janssen as Director for a mandate of four years, in replacement of Arnoud de Pret. The mandates of Gerhard Mayr and Evelyn du Monceau as Directors and Norman J. Ornstein as independent Director were renewed for another term of four years. In 2015 Jean-Christophe Tellier (CEO) was the only Executive Director of UCB and he did not qualify as an independent Director.

Evelyn du Monceau, Charles-Antoine Janssen, Cyril Janssen and Cédric van Rijckevorsel are representatives of the Reference Shareholder and, as such, are not eligible to qualify as independent Director.

Gerhard Mayr started his fourth term as Director in 2015 and solely for this reason does no longer qualify as an independent Director as per article 526ter of the Belgian Companies Code.

Kay Davies, Albrecht De Graeve, Harriet Edelman, Tom McKillop, Norman J. Ornstein and Alice Dautry all meet the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Charter and the Corporate Governance Code. The General Meeting of 30 April 2015 acknowledged the qualification of Norman J. Ornstein and Alice Dautry as independent Directors in accordance with the above mentioned criteria.

Tom McKillop reached the age limit in 2012. The Board in its meeting of 13 December 2012 decided to make an exception to the age limit of article 3.2.4 of the Corporate Governance Charter for Tom McKillop, given the exceptional contribution he is bringing to the Board thanks to his experience and expertise as the former CEO of a major pharmaceutical company and in light of his scientific background.

Pursuant to article 96, §2, 6° of the Belgian Companies Code, UCB declares currently having four female Directors in its Board being one third of the Board members. When replacements or appointments for the Board are considered, UCB – *via* its Board and the Governance, Nomination and Compensation Committee ("GNCC") – is systematically taking into account enhancing gender diversity in the Board, which includes searching for senior female profiles which could add a complementary value to the Board. Accordingly, in terms of gender diversity, the appointment of Alice Dautry enhanced the gender diversity in the Board.

The mandates of Harriet Edelman, Charles-Antoine Janssen and Tom McKillop will expire at the General Meeting of 28 April 2016. Tom McKillop, having already reached the age limit, will not renew his mandate. Upon recommendation of the GNCC, the Board of Directors will propose to the General Meeting of 28 April 2016:

- the renewal of the mandate of Harriet Edelman as independent Director for a new term of four years;
- the renewal of the mandate of Charles-Antoine Janssen as Director for a new term of four years;
- the appointment of Ulf Wiinberg, as independent Director for a mandate of four years;
- the appointment of Pierre Gurdjian, as independent Director for a mandate of four years.

Charles-Antoine Janssen is a representative of the Reference Shareholder and, as such, is not eligible to qualify as an independent Director.

In accordance with the information provided to the Company, Harriet Edelman, Ulf Wiinberg and Pierre Gurdjian all meet the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Board and the Corporate Governance Code.

Subject to the above renewals and appointments by the General Meeting of 28 April 2016, the Board will also appoint Ulf Wiinberg to replace Gerhard Mayr as independent member of the Audit Committee and Pierre Gurdjian will replace Tom McKillop as independent member of the GNCC. As a result, both the Audit Committee and the GNCC will be composed of a majority of independent Directors. The Audit Committee will also be chaired by one of these independent Directors (Albrecht De Graeve).

FUNCTIONING OF THE BOARD

In 2015, the Board met seven times. The attendance rate of its members was as follows:

Gerhard Mayr, Chair	100%
Evelyn du Monceau, Vice Chair	100%
Jean-Christophe Tellier, Executive Director	100%
Alice Dautry*	100%
Kay Davies	100%
Albrecht De Graeve	57%
Arnoud de Pret**	100%
Harriet Edelman	100%
Charles-Antoine Janssen	100%
Cyril Janssen*	100%
Jean-Pierre Kinet**	100%
Tom McKillop	100%
Norman J. Ornstein	100%
Cédric van Rijckevorsel	100%

* As from 30 April 2015 (appointment by the General Meeting of 30 April 2015)

** Until 30 April 2015.

In addition to his ordinary meetings, the Board also had two exceptional meetings by conference call over the year to decide and/or be updated on urgent or important projects or matters. All Board members were duly present or represented at these Board conference calls.

During 2015, the Board's main areas of discussion, review and decisions were: strategy of UCB, the reports of the Audit Committee, Scientific Committee and of the GNCC, Corporate Governance and (re)organization of UCB, risk and risk management, succession planning, intragroup restructuring, the appointments reserved to the Board, the remuneration and Long Term Incentives Plans policies, the financial statements and financial reporting, business development and M&A projects, including but not limited to R&D contracts, investment, divestments, financial and commercial partnerships, license agreements, as well as the reports and resolution proposals to the General Meeting as published in the invitations to the General Meeting in compliance with the Belgian Companies Code.

There were no transactions or contractual relationships in 2015 between UCB, including its affiliated companies, and a member of the Board, giving rise to conflicts of interest, except as reported in section 1.9 below.

During 2015, the Board ensured an induction program for its new Directors to cover UCB organization and activities as well as the various areas of expertise required in a biopharmaceutical company.

ASSESSMENT OF THE BOARD

In accordance with its Charter, the Board conducted an internal assessment in 2015. The results of this assessment will be analyzed in the course of 2016 for appropriate action if applicable.

In accordance with the Charter of UCB, the next assessment of the Board will be conducted in 2017.

1.3.2 | BOARD COMMITTEES

AUDIT COMMITTEE

The Board has set up an Audit Committee whose functioning and terms of reference are in accordance with the Belgian Companies Code and the Corporate Governance Code. While the composition is in accordance with the Belgian Companies Code, the Board agreed to make an exception in 2015 to the rules of the Charter and of the Corporate Governance Code, requiring a majority of independent Directors. Please refer to section 1.10 of this Corporate Governance Statement for a detailed explanation of this exception. In 2015, the composition of the Audit Committee was as follows:

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Albrecht De Graeve, Chair & independent Director	2017	x	100%
Gerhard Mayr	2019		100%
Charles-Antoine Janssen	2016		100%

The Audit Committee met four times in 2015. Each Audit Committee meeting includes separate private sessions attended solely by the internal and external auditors without management presence. As necessary, the external auditors attended all or part of each Audit Committee meeting.

The Audit Committee meetings were also attended by Detlef Thielgen (Executive Vice President and Chief Financial Officer), Doug Gingerella (Senior Vice President Global Internal Audit/M&A) and, acting as secretary of the Committee, Xavier Michel (Vice President and Secretary General).

The meetings were also partly attended on regular basis by Jean-Christophe Tellier (CEO), Raf Remijsen (Sr. Dir. Group Treasury and Corporate Finance) for subjects relating to treasury, Bo Iversen (Vice President Tax and Treasury) for tax updates and financial risk management, Caroline Vancoillie (Chief Accountant Officer) for accounting matters, Anna Richo (Executive Vice President and General Counsel) for litigation and risk management topics, Aaron Bartlone (Sr VP Corporate QA HSE and Patient Safety) for risk management topics, Véronique Gendarme (Senior Director Benefits and Rewards) for pension related matters and Cristina Bautista (Senior Director Global Internal Audit) for global internal audit matters.

In 2015, and in accordance with its terms of reference (see the Charter available on the 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, its effectiveness, Audit Plan and resulting achievements; the statutory audit of the annual and consolidated accounts and the independence of the external auditor including the provision of additional services to UCB for which the Audit Committee reviewed and authorized the fees. In addition, the Audit Committee reviewed corporate restructuring projects, global risk management (including litigation and tax review, as well as the UCB Group global risk mapping and policy), impairment and equity value of subsidiaries, pensions schemes and liabilities, new IFRS rules, other new tax or accounting treatments and the external auditor satisfaction surveys.

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE

The Board has set up a Governance, Nomination and Compensation Committee ("GNCC") whose composition, functioning and terms of reference are in accordance with the Belgian Companies Code and the Corporate Governance Code.

The composition of the GNCC is as follows:

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Evelyn du Monceau, Chair	2019		100%
Harriet Edelman, independent Director	2016	x	100%
Tom McKillop, independent director	2016	x	100%

A majority of the members of the GNCC meets all the independence criteria stipulated by article 526ter of the Belgian Companies Code, the Board and the Corporate Governance Code, and all members have the competencies and the expertise required in matters of remuneration policies as required by article 526quater, §2 of the Belgian Companies Code.

The GNCC met two times in 2015. The committee was attended by Jean-Christophe Tellier (CEO), except when discussing issues relating to him, and by Fabrice Enderlin (Chief Talent Officer), who acts as secretary of the GNCC, except when discussing issues relating to him and to CEO compensation.

In 2015, and in accordance with its terms of reference (see the Charter available on the UCB website), the GNCC reviewed the appointment proposals to be submitted to Board approval, the performance of the Executive Committee members and their remuneration. It also proposed and reviewed the succession planning of the members of the Executive Committee and senior executives. It reviewed and made relevant proposal or recommendation to the Board with respect to the management reorganization implemented as of February 2015 and, in this context, the appointment of new members of the Executive Committee as well as of other senior executives. It reviewed and submitted to Board approval the remuneration policy and the long-term incentives to be granted to the management (including the CEO) and the performance criteria to which these grants were linked. The GNCC made an overall review of the Corporate Governance at UCB, including an annual report on Corporate Governance to the Board.

SCIENTIFIC COMMITTEE

The Scientific Committee assists the Board in its review of the quality of UCB R&D science and its competitive standing. The Scientific Committee is composed of members who have scientific and medical expertise. As from her appointment as Director by the General Meeting of 30 April 2015, Alice Dautry has replaced Jean-Pierre Kinet as member of the Scientific Committee.

	END OF TERM OF OFFICE	INDEPENDENT DIRECTOR	ATTENDANCE RATE
Kay Davies, Chair	2018	x	100%
Alice Dautry*	2019	x	100%

* As from 30 April 2015.

The Scientific Committee met three times in 2015.

The members of the Scientific Committee meet regularly with Ismail Kola, the New Medicines Patient Value Unit Head & Chief Scientific Officer. The members of the Scientific Committee are also closely involved in the activities of the Scientific Advisory Board (SAB) of UCB, composed of external leading scientific medical experts. The SAB was created in September 2005 by the Executive Committee to critically review the R&D activities of UCB, provide scientific appraisal and strategic input as to the best way for UCB to become a thriving biopharmaceutical leader and to advise the Executive Committee on the strategic choices related to early stage R&D. The Scientific Committee reports to the Board on the SAB's appraisal of UCB's research activities and strategic orientations.

1.3.3 | EXECUTIVE COMMITTEE

COMPOSITION AND FUNCTIONING OF THE EXECUTIVE COMMITTEE AS FROM MARCH 2015

Since 1 March 2015 the composition of the Executive Committee is as follows:

- **Jean-Christophe Tellier,** CEO and Chair of the Executive Committee
- **Emmanuel Caeymaex,** Immunology Patient Value Unit Head
- **Fabrice Enderlin,** Chief Talent Officer
- **Ismail Kola,** New Medicines Patient Value Unit Head and Chief Scientific Officer
- **Iris Löw-Friedrich,** Chief Medical Officer and Bone Disorders Patient Value Unit Head *ad interim**
- **Mark McDade,** Chief Operating Officer
- **Anna Richo,** General Counsel
- **Bharat Tewarie,** Chief Marketing Officer
- **Detlef Thielgen,** Chief Financial Officer
- **Jeff Wren,** Neurology Patient Value Unit Head

As from 1 February 2016, **Pascale Richetta** has joined the Executive Committee as Bone Disorders Patient Value Unit Head.
In 2015, the Executive Committee met two to three days a month.

There were no transactions or contractual relationships in 2015 between UCB, including its affiliates, and a member of the Executive Committee. In accordance with internal rules of conflict, one of the Executive Committee members did not participate to deliberations relating to contracts or relations with a third party company in which he also has a Director's mandate (Ismail Kola for the company Biotie Therapies).

1.4 | REMUNERATION REPORT

The remuneration report describes UCB's executive and non-executive director remuneration philosophy and policies and how executive compensation levels are set in view of individual and company performance. The remuneration policy forms a part of a broader set of talent policies, including performance management and talent development.

The GNCC oversees our executive and non-executive director compensation policies and plans. The Committee's roles and responsibilities are set forth in the Corporate Governance Charter adopted by our Board of Directors.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

UCB's Board members are compensated for their services through a cash-based compensation program. The level of pay has been set based on benchmarks which include the remuneration of Board members of comparable European biopharmaceutical companies. Their pay consists of a fixed annual retainer, varying in size based on the director's mandate, and a fee per meeting attended, with the exception of the Chairman of the Board who receives only a fixed annual retainer. The annual retainer is pro-rated according to the number of months served as an active Board member during the calendar year. No long-term equity incentives nor other form of variable pay are granted. An update to the level of pay was approved at the General Meeting of shareholders of 25 April 2013. The remuneration levels for UCB Board members are set as follows:

ANNUAL FEES

- Chairman of the Board – € 210 000
- Vice Chair – € 105 000
- Directors – € 70 000

BOARD ATTENDANCE FEES

- Chairman of the Board – no fee (included in annual fees)
- Vice Chair – € 1 500 per meeting
- Directors – € 1 000 per meeting

AUDIT COMMITTEE/SCIENTIFIC ADVISORY COMMITTEE (ANNUAL FEES – NO MEETING FEES)

- Chairman of the Committees – € 30 000
- Members of the Committees – € 20 000

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE (ANNUAL FEES – NO MEETING FEES)

- Chairman of the Committee – € 20 000
- Members of the Committee – € 15 000

In application of these rules, the total remuneration of the Directors, including committee fees, for 2015 was as follows:

Gerhard Mayr, Chairman	€ 235 000
Evelyn du Monceau, Vice Chair	€ 135 500
Jean-Christophe Tellier, Executive Director and CEO	€ 77 000
Alice Dautry*	€ 65 000
Kay Davies	€ 107 000
Albrecht De Graeve	€ 74 000
Arnoud de Pret **	€ 25 333
Harriet Edelman	€ 87 000
Charles-Antoine Janssen	€ 90 333
Cyril Janssen*	€ 51 667
Jean-Pierre Kinet **	€ 32 000
Tom McKillop	€ 92 000
Norman J. Ornstein	€ 77 000
Cédric van Rijckevorsel	€ 77 000

* As from 30 April 2015 (appointment by the General Meeting of 30 April 2015)

** Until 30 April 2015

1.4.1 | UCB'S GLOBAL REWARD PRINCIPLES

UCB aspires to be the patient-preferred biopharma leader and to help us achieve our goals we require engaged, world-class talents working closely together to create superior and sustainable value for patients. Our compensation plans are aimed at driving and rewarding outstanding performance and innovation while aligning all employees closely to our patient value creation priorities. Our Global Reward program is built around the following principles:

- to provide a strong motivation for delivering on our business strategy, ultimately driving the achievement of our patient-value goals;
- to link executive remuneration to both individual contribution and the overall success of UCB;
- to recognize and reward sustained high performance;
- to be fair and equitable, according to market practices;
- and to enable UCB to attract, engage and retain the best talents.

For our executive committee team, variable pay constitutes the most significant component of the total remuneration offering. Our variable pay programs are closely linked to both short-term achievements and long-term individual and company performance, to ensure a balanced focus on company sustainability and value creation.

1.4.2 | THE UCB EXECUTIVE REMUNERATION POLICY

The policy of remuneration for members of the Executive Committee is set by the Board on the basis of recommendations by the GNCC. The GNCC meets at least twice per year during which time it:

- considers the market factors affecting the company's current and future pay practices;
- evaluates the effectiveness of our remuneration policies in terms of recognizing performance and determines the appropriate evolution of the plans;
- reviews the financial targets of the different performance-based compensation programs;
- determines the compensation levels of UCB's management team in view of their role, competencies and performance.

The remuneration policy ensures that the total reward programs applicable to the members of the Executive Committee, including equity incentives, pension schemes and termination arrangements, are fair and appropriate to attract, retain and motivate the Executive Committee team.

1.4.3 | STATEMENT ON THE REMUNERATION POLICY APPLIED TO THE REPORTED YEAR: REMUNERATION FOR EXECUTIVE DIRECTORS

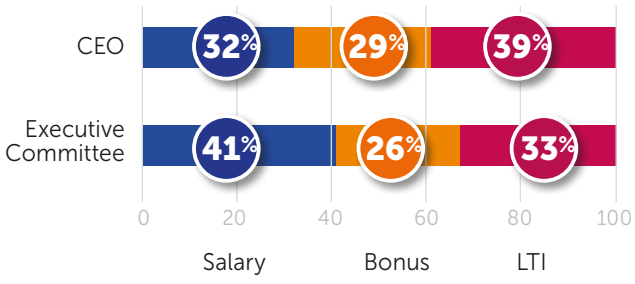
This section covers the competitive positioning strategy that UCB adopts against the market in which it operates. It also provides an overview of our executive compensation structure, the purpose of the different elements of pay and the link between pay and performance.

BENCHMARK FOR OUR REWARD PROGRAM

In line with our Global Reward principles, our executive remuneration must be reasonable in view of the company economics and the relevant practices of comparable global biopharmaceutical companies. The GNCC regularly considers the appropriate mix and level of cash and equity awards to offer to its executives based on recommendations from the Corporate Human Resources department. These recommendations are reviewed with our independent compensation consultant, Willis Towers Watson, to ensure the market competitiveness of our total direct compensation and to take into consideration market trends affecting our sector. An individual market assessment is typically conducted every other year to assess the competitiveness of the total direct compensation components for each executive which is composed of two main elements:

- a fixed compensation element: base salary
- a variable compensation element: consisting of a bonus and long-term incentives

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



UCB benchmarks its executive Global Reward program against a defined comparator group of international companies within the biopharmaceutical sector (companies with pharmaceutical and/or biotechnology activities). In the benchmark we take a focused approach to peer companies in Europe as well as the US. The companies in our peer group vary in size and therapeutic area. We typically target peer companies that are fully-integrated biopharmaceuticals, operating in a complex research-driven environment and include

development and commercialisation capabilities. Where possible, we aim to include companies competing in the same therapeutic areas. While we target companies that broadly reflect UCB's size, company size is not the primary factor as regression analysis is also used to adjust data to UCB's size.

The composition of our compensation peer group is monitored regularly and adjusted when appropriate, for instance when industry consolidation leads our peer group to be reduced below acceptable levels for robust benchmarking.

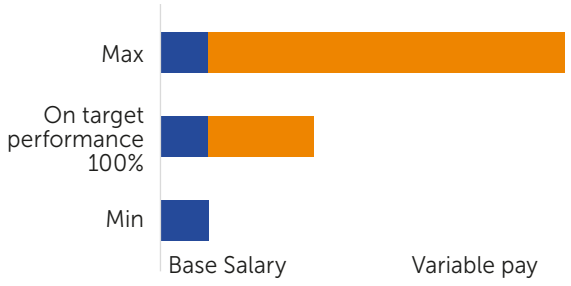
UCB's competitive positioning policy is to target median pay levels of this comparator group for all elements of total direct compensation. The actual compensation for each individual is determined considering their experience in relation to the benchmark, as well as their impact on company performance.

COMPENSATION ELEMENTS AND PAY FOR PERFORMANCE

Our executive compensation programs are based on a balance of individual and corporate performance. Both the short-term (bonus) and long-term incentives take into account performance against targets which are set by the Board. Throughout the performance period, the ongoing achievements are monitored and at the moment of vesting or payout, the final results are validated by the corporate finance department before final approval by the Audit Committee and the Board.

The total direct compensation (base salary, bonus and long-term incentives) is highly variable depending on individual and corporate performance, as illustrated below. A bonus will only be due if an acceptable threshold of company or individual performance is achieved. To reach 100% of bonus, a fair stretched target must be met and only with very exceptional company and individual performance can the maximum be achieved. The pay for performance impact can be illustrated as follows for the CEO and is described in more detail later in this section:

CEO Theoretical Pay opportunity



In addition to the base salary and performance-related incentive pay, our executives are eligible for a range of benefits and perquisites. The compensation structure is in line with market compensation practices and fully aligned with the spirit of Belgian corporate governance legislation and European regulations on executive compensation.

The GNCC makes compensation proposals for the CEO to the Board. The CEO provides compensation recommendations for the other Executive Committee members to the GNCC for endorsement.

Below we describe how each element of remuneration is determined and how performance is embedded in the incentive-based, variable components.

FIXED COMPENSATION COMPONENT: BASE SALARY

The target base salary is defined in relation to the specific job dimensions and criteria, and the median level of base salary that the market typically pays for such a role. Once the market level of base salary is defined, the specific compensation level of the individual depends on the extent to which he/ she impacts the business and their level of skill and experience. The evolution of base pay depends on the individual's level of sustained performance and the evolution of the benchmark. Annual increases are largely in line with average salary movements across the wider workforce in the applicable geography.

VARIABLE COMPENSATION COMPONENTS

Target variable compensation levels (bonus and long-term incentives, or "LTI") are set considering the median market level of our compensation peer group and are subject to the application of performance multipliers. The performance multipliers are defined considering company performance, individual performance as well as individual behaviors and a holistic consideration of long-term value creation for the the patient.

VARIABLE COMPENSATION: BONUS

The bonus is designed to reward employees for the performance of the company and of the individual over a time horizon of one year. The bonus target is subject to a double performance multiplier, which consists of corporate and individual performance multipliers. The mechanism guarantees a direct link between individual contribution and company performance, which are interdependent. The calculation mechanism delivers significant value, when both company and individual performance are excellent. Conversely, if company and/or individual performance levels are lower than expectations, this is adequately reflected through significantly diminished value.

UCB considers annual Recurring Earnings Before Interest, Tax, Depreciation and Amortization ("REBITDA") as the short-term corporate performance metric for its executives and for the wider workforce. The Corporate Performance Multiplier ("CPM") is defined by the percentage of actual REBITDA versus the budget, at constant exchange rates, translated into a payout curve which ensures that only an acceptable range of performance is rewarded. The payout curve is translated into a payout range between 0% and 150%. A minimum payout threshold is set and performance falling below this threshold results in a CPM of 0% for senior management. Considering the design of the double multiplier mechanism, a CPM of 0% results in there being no bonus payout.

The Individual Performance Multiplier ("IPM") is defined considering the extent to which objectives have been met as well as the behaviors demonstrated by the individual over the performance period. Again, the IPM can be 0% and can reach a maximum of 175% of target for very exceptional performance.

The objectives for the CEO are proposed by the GNCC for approval by the Board of Directors. The GNCC proposes the Individual Performance Multiplier ("IPM") for the CEO to the Board based on the performance assessment at the end of the year. The CEO proposes the IPM for each of the other Executive Committee members to the GNCC, for endorsement. In discussing individual performance, the GNCC deliberates the achievement of the financial and quantitative objectives of the CEO and the non-financial aspects.

For the CEO and the Executive Committee the evaluation includes the extent to which the individuals have carried out their duties in line with the company values and expected leadership behaviors. Below are the criteria which are evaluated for each Executive Committee member:

> Specific business achievements

> Strategic input and vision

> Team leadership

> Executive Committee team membership

> Impact

The target bonus percentage is set at 90% of base salary for the CEO, and 65% for the other Executive Committee members, in line with market practices.

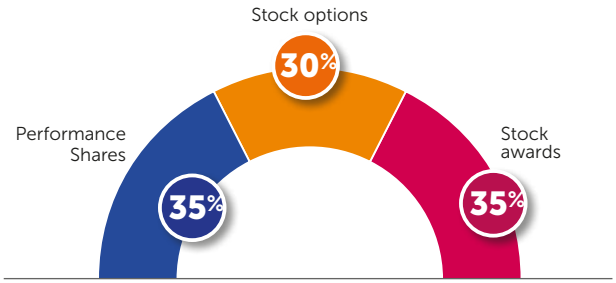
Each executive has the opportunity to exceed the targets when both company and individual performance are outstanding or to have a reduced payout compared to the target if either corporate or individual performance is not reaching expected levels.

VARIABLE COMPENSATION: LONG-TERM INCENTIVES (LTI)

Our remuneration practice links a significant portion of equity-based compensation to mid-term and long-term company financial and non-financial strategic goals. The LTI program is benchmarked against European biopharmaceutical company practices. It is a three-tiered incentive program which includes a stock option plan, a free share plan (stock award) and a performance share plan. Eligibility for participation in the LTI Plans is at the Board's discretion.

The Upper Management Compensation policy ensures that for Executive Committee members a greater proportion of variable pay is linked to long-term rather than short-term performance.

The long-term incentive target is expressed as a percentage of base pay. At target levels, long-term incentives represent 120% of base pay for the CEO and 80% for the other Executive Committee members. The actual grant size is adjusted in view of individual performance, considering a mix of short-term achievements and the impact on long-term value creation. The resulting value is translated into a number of long-term incentives, using the binomial value of each award, and spread across our long-term incentive vehicles based on the following allocation:



STOCK OPTIONS

The Stock Option Plan gives the beneficiary the option to purchase a UCB share at a certain price following a defined vesting period. The vesting period is typically three years from the date of grant but can be longer depending on local legislative requirements. Once vested, stock options are exercised when the share price exceeds the grant price and thus executives are incentivized to increase the share price over the vesting period. In the U.S., Stock Appreciation Rights are granted instead of stock options. These follow the same vesting rules as the Stock Option Plan and result in employees receiving a cash amount equal to the appreciation in value of UCB stock, instead of actual shares. All stock options and stock appreciation rights expire on their tenth anniversary from the date of grant. The grant price is fixed on the grant date, without further discount on the underlying UCB share price.

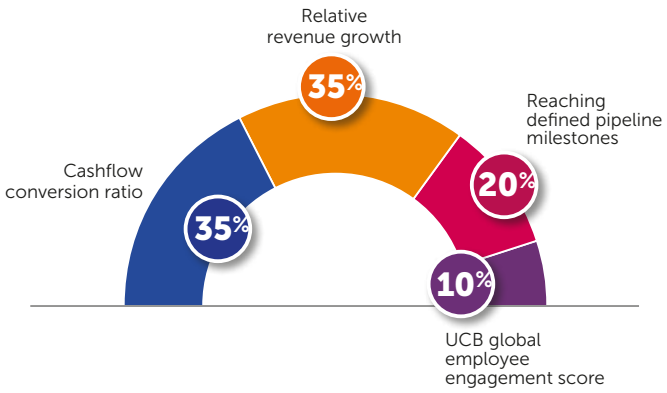
STOCK AWARDS

The Stock Award Plan provides conditional rights to UCB common stock fulfilled upon remaining in employment with UCB three years after the grant date. The vesting period is three years from the date of grant. Executives are incentivized to increase the company share price over the vesting period to optimize the value of their stock awards at the moment of vesting. In some countries, delivery of the award may be made in the form of phantom shares (an award, delivered in cash, that is equivalent in value to UCB shares). Both stock awards and phantom shares are settled on a pre-determined vesting date.

PERFORMANCE SHARE PLAN

The Performance Share Plan ensures a strong link between pay and performance. Performance shares are grants of UCB common stock to the senior executive group, for which certain pre-established company-wide targets must be met at the time of vesting to trigger a payout. The performance criteria and targets are defined by the Board upon proposal of the GNCC at the time of grant. The metrics used in this plan must be strategically relevant to the company and our stakeholders while being within the influence and control of our executives ("line of sight"). They also must be measurable over the plan's time horizon.

The vesting period is three years. The number of shares awarded is adjusted at the end of the vesting period based on the company's performance against its goals. If actual company performance is below a specified threshold or the beneficiary leaves prior to vesting, then no shares are awarded. The maximum award is capped at 150% of the original grant. The target is set at a level which is sufficiently stretched and the maximum payout is linked to performance that would be considered exceptionally challenging. The 2015 grant was based on the following performance criteria to be measured at the end of 2017:



The performance criteria are evaluated annually to ensure the maximum alignment with company priorities.

In some countries, delivery of the award may also be made in phantom shares, depending on the local legislative environment.

PENSIONS

As the Executive Committee is international in composition, the members participate in the pension plans available in their country of contract. Each plan varies in line with the local competitive and legal environment. All defined benefit plans at UCB are either frozen or closed to new entrants to the extent feasible. Any new Executive Committee member would therefore automatically join either a defined contribution or cash balance plan.

Belgium

The Executive Committee members participate in a cash balance retirement benefit plan which is fully funded by UCB. The benefit at retirement age is the capitalization, at a guaranteed rate of return, of the employer's annual contributions during affiliation with the plan. UCB contributes an amount equal to 9.15% of the annual base salary and target bonus. UCB also provides an annual guaranteed return of 2.5%, increased by the Belgian health index (to a minimum defined by the Belgian legislation and with a maximum of 6%).

The Executive Committee members also participate in the UCB senior executive supplementary defined contribution plan. Contributions to the plan are twofold:

- a company contribution linked to the actual corporate results as defined by the Board and;
- a company contribution equal to 10% of their annual basic salary.

The CEO participates in the same plans applicable to the other Belgian-based Executive Committee members.

U.S.

Members participate in the UCB Retirement Savings Plan. The plan is composed of qualified and non-qualified components. UCB's total contribution under the plan ranges from 3.5%-9% of annual pay based on age. Contributions up to the Internal Revenue Services ("IRS") limits are made in the qualified part of the plan. Contributions above this IRS limit are made in the non-qualified component.

The Executive Committee members also participate in a deferred compensation plan which is fully funded by the employees. Participants contribute on individual basis and can defer salary and/or bonus.

Germany

Those Executive Committee members with a German contract are covered by a closed defined benefit pension plan. The plan promises pensions in case of retirement, disability and death. Benefits in case of retirement and disability amount to 50% of the last annual base salary before retirement or disability.

OTHER REMUNERATION ELEMENTS

Members of the Executive Committee are also typically entitled to participate in an international healthcare plan and to an executive life insurance in line with that offered to other senior executives. Executive Committee members are also provided with certain executive perquisites such as a company car and other benefits in kind. All these elements are disclosed in the below section, Compensation of the Chief Executive Officer and the Executive Committee. The remuneration policy for the members of the Executive Committee is extensively described in UCB's Charter of Corporate Governance (under 5.4.) available on the UCB website.

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.

In addition, some Executive Committee termination agreements (Emmanuel Caeymaex, Fabrice Enderlin, Ismail Kola, Iris Löw-Friedrich and Detlef Thielgen) have been signed before the entry into force of the Belgian Corporate Governance law of 6 April 2010 which limits the level of termination indemnities.

A Belgian service contract was established during 2014 for Jean-Christophe Tellier and maintains similar termination conditions to those that were 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 in case the contract is terminated by the company or in case of a change of control of UCB.

Ismail Kola holds a Belgian employment contract and does have a termination clause which would entitle him to a severance payment of 18 months base salary and bonus in case the contract is terminated by the company. In case of a change of control of UCB, this payment would be equivalent to 24 months base salary and bonus.

Fabrice Enderlin, Detlef Thielgen and Emmanuel Caeymaex have no specific termination provisions in their Belgian contracts. In case of termination the local employment law and practices would apply.

Bharat Tewarie holds a Belgian employment contract and does have a termination clause which would entitle him to a severance payment of 12 months base salary and bonus in case the contract is terminated by the company or in case of a change of control of UCB.

Iris Löw-Friedrich has a German employment agreement which provides a minimum of six months' notice and a termination indemnity equal to one year base salary and bonus. Overall this would represent an 18 months termination package.

For Mark McDade, who moved to a Belgian service contract during 2015, a clause is included in his agreement specifying a termination payment of 18 months base salary and bonus should there be an involuntary termination of the agreement by the company or in case of a change of control. This maintains termination conditions equivalent to those that were in place under his previous U.S. employment agreement

Anna Richo is covered by a U.S. employment agreement which contains a clause allowing for a severance payment equal to 18 months base salary and bonus should there be an involuntary termination of the employment agreement or in case of change of control in UCB.

Jeff Wren, who holds a U.S. employment agreement has a termination clause which would entitle him to a severance payment of 12 months base salary in case the contract is terminated by the company.

1.4.4 | REMUNERATION POLICY AS OF 2016

The GNCC continues to carefully monitor the Upper Management Compensation policy. No amendments are currently foreseen in 2016.

1.4.5 | COMPENSATION OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

The remuneration of the CEO is composed of the previously-mentioned elements being base salary, a short-term incentive and long-term incentives.

In addition to his director's fees as a Board member of UCB SA, the remuneration and other benefits granted directly or indirectly to the CEO by UCB or any other of its affiliates in 2015 amount to:

- Base salary: € 940 000;
- Short-term incentive (bonus), paid in 2016 and relating to the financial year 2015: € 1 210 626;
- Long-term incentives (number of UCB shares and options): see section below;
- Other components of the remuneration, such as the cost of pension, insurance coverage and monetary value of other fringe benefits: € 511 601, thereof € 286 388 being the retirement benefit (based on service cost).

The CEO's total compensation (base salary + bonus + LTI) for 2015 amounts to € 3 744 053 (excluding pension contributions and other benefits).

OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

The amount of compensation stated below, reflects the amount the Executive Committee members have earned in 2015 based on their effective period in service as Executive Committee members (see above section "Composition of the Executive Committee").

The remuneration and other benefits granted directly or indirectly on a global basis to all the other members of the Executive Committee by the company or any other affiliate belonging to the group in 2015 amount to:

- Base salaries (earned in 2015): € 4 840 983;
- Short-term incentive (bonus), paid in 2016 and relating to financial year 2015: €3 275 872;
- Long-term incentive (number of UCB shares and options): see section below;
- Other components of the remuneration, such as the cost of pension, insurance coverage and monetary value of other fringe benefits: € 3 712 004, thereof € 2 983 390 being the amount of retirement benefit (based on service cost).

The aggregated Executive Committee compensation (base salary + bonus + LTI) for 2015 amounts to: € 13 194 887 (excluding pension contributions and other benefits).

LONG-TERM INCENTIVES (LTI) GRANTED IN 2015

	STOCK OPTIONS[1]	BINOMIAL VALUE STOCK OPTION[2]	STOCK AWARDS[3]	BINOMIAL VALUE STOCK AWARDS[4]	PERFORMANCE SHARES[5]	BINOMIAL VALUE PERFORMANCE SHARES[6]	TOTAL BINOMIAL VALUE LTI [7]
Jean-Christophe Tellier	46 800	474 084	10 058	560 231	20 754	559 113	1 593 428
Emmanuel Caeymaex	9 191	93 105	1 975	110 008	4 076	109 807	312 920
Fabrice Enderlin	15 530	157 319	3 338	185 927	6 887	185 536	528 782
Ismail Kola[8]	20 496	207 624	14 405	802 359	9 089	244 858	1 254 841
Iris Löw-Friedrich	15 521	157 228	3 336	185 815	6 883	185 428	528 471
Mark McDade	17 872	181 043	3 840	213 888	7 923	213 446	608 377
Anna Richo	14 874	150 674	3 196	178 017	6 594	177 642	506 333
Bharat Tewarie	11 234	113 800	2 414	134 460	4 982	134 215	382 475
Detlef Thielgen	17 621	178 501	3 787	210 936	7 814	210 509	599 946
Jeff Wren	10 456	105 919	2 246	125 102	4 635	124 867	355 888

1. Number of rights to acquire one UCB share at a price of € 67,35 between 1 April 2018 and 31 March 2025 (between 1 January 2019 and 31 March 2025 for Jean-Christophe Tellier, Emmanuel Caeymaex, Fabrice Enderlin, Detlef Thielgen, Mark McDade, Bharat Tewarie and Ismail Kola).
2. The value of the 2015 stock options has been calculated based on the binomial methodology at € 10,13 as defined by Willis Towers Watson.
3. Number of UCB shares (or phantom shares) to be delivered for free after a vesting period of three years if still employed by UCB.
4. The value of the 2015 stock awards has been calculated based on the binomial methodololy at € 55,70 per share award as defined by Willis Towers Watson.
5. Number of UCB shares (or phantom shares) to be delivered for free after a vesting period of three years if still employed by UCB and upon meeting performance conditions.
6. The value of the 2015 performance shares has been calculated based on the binomial methodology at € 26,94 per performance share as defined by Willis Towers Watson.
7. 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.
8. Ismail Kola was awarded 10 000 UCB phantom shares on 1 April 2015 in addition to the normal grant of 1 April 2015.

LONG-TERM INCENTIVES VESTING IN 2015

Below is a schedule showing the long-term incentives granted to the Executive Committee members in previous years (reported in previous annual reports) and which have vested during the calendar year 2015 (not to be accumulated with the information in the above table which details the long-term incentives granted in 2015).

	STOCK OPTIONS		STOCK AWARDS		PERFORMANCE SHARES			
	NUMBER VESTED (NOT EXERCISED)[1-2]	NUMBER EXERCISED[3]	NUMBER VESTED	TOTAL VALUE UPON VESTING[4]	TOTAL NUMBER OF SHARES VESTED	SHARES VESTED (% OF GRANTED SHARES)[5]	SHARES VESTED (% OF GRANTED SHARES)[6]	TOTAL VALUE UPON VESTING
Jean-Christophe Tellier	12 000		6 000	404 220	7 000	50%		235 795
Emmanuel Caeymaex	5 600	4 000	2 420	163 035	3 500	50%	80%	137 885
Fabrice Enderlin	15 000	15 000	7 200	485 064	8 050	50%		271 164
Ismail Kola	15 000		7 500	505 275	8 750	50%		294 744
Iris Löw-Friedrich	15 000	3 000	7 200	485 064	8 050	50%		271 164
Mark McDade	12 000		6 000	404 220	7 000	50%		235 795
Detlef Thielgen	15 000	13 200	7 200	485 064	8 050	50%		271 164
Jeff Wren[7]	5 600		12 530	863 696	3 750	50%	80%	146 306

[1] Anna Richo and Bharat Tewarie joined UCB after the 2012 LTI grant.

[2] The stock options granted to Iris Löw-Friedrich on 1 April 2012 vested on 1 April 2015 and have an exercise price of € 32.36. The stock appreciation rights granted to Mark McDade, Jeff Wren and Jean-Christophe Tellier on 1 April 2012 vested on 1 April 2015 and have an exercise price of € 32.36. The stock options granted to Detlef Thielgen, Ismail Kola, Emmanuel Caeymaex and Fabrice Enderlin on 1 April 2011 vested on 1 January 2015 and have an exercise price of € 26.72.

[3] Emmanuel Caeymaex and Fabrice Enderlin exercised stock options granted to them on April 1, 2011 and with an exercise price of EUR 26.72. Detlef Thielgen exercised stock options granted to him on April 1, 2009 with an exercise price of EUR 21.38. Iris Loew-Friedrich exercised stock options granted to her on April 1, 2008 with an exercise price of EUR 22.01.

[4] Upon vesting on April 1, 2015, the UCB share had a value of € 67.37, which represents the market value of the shares delivered on the vesting date determined as the average of the high and the low price of UCB shares on that date.

[5] The Performance Shares granted in 2012 were paid out at 50% based on the 2015 results achieved versus the performance conditions set at grant.

[6] Emmanuel Caeymaex and Jeff Wren were each granted 1,000 Special Recognition Performance Share Awards on March 1, 2014. These awards vested on March 1, 2015 at 80% based on the results achieved vs the performance conditions set at grant. Upon vesting on March 1, 2015, the UCB share had a value of € 67.09, which represents the market value of the shares delivered on the vesting date determined as the average of the high and the low price of UCB shares on that date.

[7] Jeff Wren was granted 10,000 Special Recognition Awards on February 1, 2013. This award vested on February 1, 2015 at a value of € 69.325, which represents the market value of the shares delivered on the vesting date determined as the average of the high and the low price of UCB shares on that date.

2016 LONG-TERM INCENTIVE GRANT

UCB's policy is to grant a number of long-term incentives based on the Individual performance for the performance year as well as a consideration of individual impact on long-term value creation. The grant is made on 1 April following the close of the performance year. The grant size is based on a valuation and share price defined in the policy. The actual grant value is only known on 1 April based on the share price on that day. Below can be found the number of options and awards to be granted on 1 April 2016. The resulting grant value will be reported in the 2016 annual report.

	STOCK OPTION 2016	STOCK AWARD 2016	PERFORMANCE SHARE 2016
Jean-Christophe Tellier	38 792	9 488	19 660
Emmanuel Caeymaex	9 904	2 423	5 020
Fabrice Enderlin	13 259	3 243	6 720
Ismail Kola	15 039	13 678	7 622
Iris Löw-Friedrich	14 401	8 522	7 298
Mark McDade	16 507	4 038	8 366
Pascale Richetta	10 219	2 499	5 179
Anna Richo	16 656	4 074	8 442
Bharat Tewarie	9 511	2 326	4 820
Detlef Thielgen	15 092	11 191	7 649
Jeff Wren	10 581	2 588	5 363

1.5 | MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS OF UCB

1.5.1 | INTERNAL CONTROL

The Board is the governing body of UCB, and one of its roles is to provide entrepreneurial leadership of UCB within a framework of prudent and effective controls that enables risks to be assessed and managed. UCB management is responsible for establishing and maintaining adequate internal controls to provide reasonable assurance regarding the achievement of objectives of the reliable nature of financial information, compliance with relevant Laws and regulations and performing internal control processes within UCB in the most efficient manner.

The Audit Committee assists the Board in its responsibility of monitoring 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 and the Global Internal Audit function and its effectiveness.

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, risk management and internal control 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 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, Accounts Receivables, Trade Inventories, Accruals, Provisions, Reserves and Payments is performed, and the Finance Directors/representatives of all individual entities are required to acknowledge in writing that their financial reporting in these areas is based on reliable data and that their results are properly stated in accordance with requirements.

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

The results of these procedures are reviewed with the CEO and the CFO, and subsequently with the Audit Committee, prior to the publication of the accounts.

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 forecast 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. Information systems are developed to support UCB's long term objectives and are managed by a professionally staffed Information Management team.

1.5.2 | RISK MANAGEMENT

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 in order to minimize its exposure to risks that could threaten its corporate objectives.

The Board is responsible for approving the strategy, goals and objectives of the UCB Group and overseeing the establishment, implementation and review of the risk management system of the UCB Group.

The Board is assisted by the Audit Committee in its responsibility for the appreciation of risk and risk management. The Audit Committee examines on a regular basis the areas where risks could significantly affect the financial situation and reputation of the UCB Group and monitors the overall risk management process of UCB.

The Corporate Risk Management Committee, consisting of Executive Committee members and senior management representatives of all business functions and reporting to the Executive Committee, provides strategic leadership that endorses the corporate risk assessment and prioritization process that drives the establishment of risk mitigation plans within all business functions and operations, supported by a global risks management system to effectively and efficiently assess, report, mitigate and manage actual or potential risks or exposures. The Chair of the Corporate Risk Management Committee reports directly to the CEO, provides periodic status updates directly to the Executive Committee and, on a periodic basis, to the Audit Committee as well as to the Board.

The Executive Committee is responsible for implementing the risk management strategy and objectives, and 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.

1.6 | 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.

The Dealing Code establishes rules for Directors, executive management and key employees which prohibit the dealing in UCB shares or other financial instruments issued by UCB 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 privileged information.

The Board has appointed Anna Richo, Executive Vice President and General Counsel, together with Xavier Michel, Vice President and Secretary General, acting separately, as Insider Trading Compliance Officers whose duties and responsibilities are defined in the Dealing Code.

The Dealing Code establishes the list of key employees and Directors, who have to inform the Trading Compliance Officer(s) of the transactions on UCB shares and related securities they intend to make for their own account. The Dealing Code has been designed in accordance with and based on the rules of the EU Directive 2003/6/EC on insider dealing and market manipulation and the Belgian Law of 2 August 2002 on the supervision of the financial sector and on financial services.

The Dealing Code is available on the UCB website: www.ucb.com/investors/governance/principles-codes-and-guidelines.

1.7 | EXTERNAL AUDIT

The General Meeting held on 30 April 2015 renewed the mandate of PwC Bedrijfsrevisoren BV CVBA/Reviseurs d'Entreprises SC SCRL as External Auditors for UCB for the legal term of three (3) years. The permanent representative designated by PwC for UCB in Belgium is SC SPRL Romain Seffer, represented by Mr. Romain Seffer.

PwC has been appointed as External Auditor in the affiliates of the UCB Group worldwide.

The 2015 fees paid by UCB to its External Auditors amounted to:

2015 – Actual	AUDIT (€)	OTHER ATTESTATION MISSIONS (€)	TAX SERVICES (€)	OTHER MISSIONS EXTERNAL TO THE AUDIT (€)	TOTAL (€)
PwC Belgium (Auditor)	581 285	144 700	0	149 119	875 104
PwC other related networks	1 657 907	1 090 040	70 375	499 041	3 317 363
Total	**2 239 192**	**1 234 740**	**70 375**	**648 160**	**4 192 467**

1.8 | INFORMATION REQUESTED UNDER ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007

The following elements may have an impact in the event of a takeover bid:

1.8.1 | 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 31 DECEMBER 2015

As from 13 March 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 1.1.2).

1.8.2 | RESTRICTIONS, EITHER LEGAL OR PRESCRIBED BY THE ARTICLES OF ASSOCIATION, ON THE TRANSFER OF SECURITIES

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

("...)

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

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

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

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

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

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

(...")

To date, the capital of UCB is fully paid up.

1.8.3 | HOLDERS OF ANY SECURITIES WITH SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS

There are no such securities.

1.8.4 | SYSTEM OF CONTROL OF ANY EMPLOYEE SHARE SCHEME WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

There is no such system.

1.8.5 | 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 by article 516 of the Belgian Companies Code.

No-one may at a General Meeting cast a greater number of votes than those relating to such shares as he has, in accordance with the above paragraph, declared himself to be holding, at least twenty days before the date of the Meeting.".

The voting rights attached to UCB shares held by UCB or by its direct or indirect subsidiaries are, as a matter of law, suspended.

1.8.6 | 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

With the exception of the concert agreement between Tubize and Schwarz as reported above, UCB has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

1.8.7.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 for four years by the General Meeting and at all times subject to dismissal by the General Meeting.

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 Corporate Governance Charter as follows:

("...)

COMPOSITION OF THE BOARD OF DIRECTORS

COMPOSITION

The Board is of the opinion that a number of between ten and fifteen members is appropriate for efficient decision-making on the one hand, and contribution of experience and knowledge from different fields on the other hand. Such a number also allows for changes to the Board's composition to be managed without undue disruption. This is way within the provisions of the law and the Articles of Association of UCB from which the Board shall be composed of at least three members. The General Meeting of Shareholders decides on the number of directors, upon proposal of the Board.

A large majority of the Board members are non-executive Directors.

The curricula vitae of the Directors and directorship candidates are available for consultation on the UCB website (www.ucb.com). These curricula vitae mention, for each Director, the directorships in other listed companies.

APPOINTMENT OF DIRECTORS

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

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 legal criteria, and those adopted by the Board;*
- *no single Director or group of Directors may dominate decision-making;*
- *the composition of the Board guarantees diversity and contribution of experience, knowledge and ability required for specialist international activities of UCB; and*
- *candidates are fully available to carry out their functions and do not take more than five directorships in listed companies.*

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 on the basis of 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 candidate is made by the GNCC to the Board. The Board decides on the proposals to be submitted to Shareholders' approval.

For appointment of a Reference Shareholder's representative to the Board, the Vice Chair will present the candidate, chosen by the Reference Shareholder, to the Board after consultation with the GNCC and dialogue with the other Board members.

DURATION OF MANDATES AND AGE LIMIT

Directors are appointed by the General Meeting of Shareholders for a 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 run by the Board, which 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 Chairmen of the Board committees.

The assessment is conducted by the Chair of the Board and the Chair 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, the assessment is conducted by the Chair of the GNCC and a senior independent Director; for the Chair of the GNCC the assessment is conducted by the Chair of the Board and 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, renewals, resignations or possible retirement 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 the proposals of the Board in this area 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.

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 or not the candidate meets the independence criteria, in particular those stipulated in article 526ter Company Code, such as the fact that a director, in order to qualify as "independent" may not hold a mandate for more than three consecutive terms (with a maximum of twelve years). In case the director meets the independence criteria, a proposal will be submitted to the General Meeting of Shareholders to acknowledge such independent character.

The proposals for appointment are available on the UCB 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 judgment. 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.

1.8.7.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 Belgian Companies Code. 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 quora requirements may be applicable.

1.8.8 | POWERS OF THE BOARD OF DIRECTORS, IN PARTICULAR TO ISSUE OR BUY BACK SHARES

Powers of the Board are those defined by the Belgian Companies Code and by the Articles of Association.

The terms of Reference of the Board and the responsibilities that the Board has reserved to itself are further described in the Charter as follows:

("...)

The Board is the governing body of UCB.

It has the power to make decisions on all matters which the law does not expressly attribute to the General Meeting of Shareholders. The Board acts collegially.

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

Among the matters over which it may, by law, make decisions, the Board has reserved key areas for itself, and has delegated wide powers of administration to an Executive Committee (see point 5).

It did not opt to create a Management Committee in the sense of the article 524bis of the Companies Code, since it preferred not to permanently delegate the powers granted to it by the law nor the general representation of UCB.

The Board's role is to provide entrepreneurial leadership of UCB within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board sets the strategic aims of UCB, ensures that the necessary financial and human resources are in place for UCB to meet its objectives and reviews management performance. The Board sets the values and standards of UCB and ensures that its obligations to its shareholders and others are understood and met. It takes collegiate responsibility for sound exercise of its authority and powers.

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

1. Definition of the mission, values and strategy, risk tolerance and key policies of UCB;

2. Monitoring of:

- *management's performance and implementation of the company's strategy,*
- *the effectiveness of the Board's committees,*
- *the performance of the external auditor;*

3. Appointment or removal:

- *from among its members, of the Chair of the Board, after a consultation of all Board members conducted by the Chair of the Governance, Nomination and Compensation Committee ("GNCC"),*
- *from among its members, of the Chair and members of the Audit Committee, of the GNCC and of the members of the Scientific Committee,*
- *of the Chair of the Executive Committee following a proposal by the GNCC,*
- *of members of the Executive Committee following a proposal by the GNCC, and recommendation by the Chair of the Executive Committee,*
- *of persons in major external bodies or of persons outside UCB requested to represent UCB at certain subsidiaries, on the recommendation of the Chair of the Executive Committee,*
- *reviews the succession planning for the Chair of the Executive Committee and the other Executive Committee members, as proposed by the GNCC;*

4. For endorsement, appointment or removal of senior executives on the recommendation of the Chair of the Executive Committee;

5. Ensure the integrity and timely disclosure of the financial statements of the UCB Group and UCB and of material financial and non-financial information to shareholders and financial markets;

6. Approve the framework of internal control and risk management set up by the executive management and controlled by the internal audit with direct access to the Audit Committee;

7. Preparation of the General Meeting of Shareholders and of the decisions proposed to be considered at the meeting;

8. Executive management structure and general organization of UCB (and of the UCB Group);

9. Approval of the annual budget (including the R&D program and the capital plan) and any increase in the overall annual budget (including the R&D program and the capital plan);

10. The long-term or major finance operations;

11. Creating, establishing, closing, settling or transferring subsidiaries, branches, production locations or major divisions exceeding a value of € 50 million;

12. Allotment, merger, acquisition, division, purchase, sale or pledging of assets (other than assets referred to under sub-section 13 below), instruments and shares, equity and equity-like investments, in and out- licensing of intellectual property and product divestments, joint-ventures, of a value exceeding € 20 million and involving third parties;

13. *Purchase, sale or pledging of real estate property assets to a value exceeding € 50 million and real estate leases over a period exceeding 9 years for an aggregate amount of expenditures exceeding € 20 million;*

14. *The terms and conditions of plans for the grant of stock and stock options to employees;*

15. *To be informed, at the end of every semester, of the charitable donations in excess of € 10 000 YTD to each single beneficiary;*

16. *At the request of the Chair of the Executive Committee, the Board may also be asked to pronounce in the event of diverging opinions among a majority of the members of the Executive Committee and its Chair.*

(...")

As described under section 1.1.5 above, the Extraordinary General Meeting of 24 April 2014 authorized the Board, for a period of 2 years, to increase UCB's share capital, within the limits of article 603, section 1 of the Belgian Companies Code, with an amount of up to 5% of the share capital (at the time the Board makes use of the authorization) in the event of cancellation or limitation of the preferential subscription rights of existing shareholders or up to 10% of such amount in the event there is no limitation or cancellation of the preferential subscription rights of existing shareholders. The Board of Directors is also to decide on the use of such authorization by 75% majority. In accordance with applicable rules of the Belgian Companies Code, this authorization can however not be used during a public takeover bid.

In accordance with article 12 of the Articles of Association and as further described in section 1.1.4 above, the Extraordinary General Meeting of 24 April 2014 renewed the authorization granted to the Board to acquire UCB shares (share buyback) for a period of 2 years, up to maximum 10% of the total number of UCB shares for a price or an exchange value per share of maximum the highest price of the UCB shares on Euronext Brussels on the day of the acquisition and minimum € 1, without prejudice to article 208 of the Royal Decree of 31 January 2001 executing the Belgian Companies Code. This authorization replaced the previous 5 year authorization granted by decision of the Extraordinary Shareholders Meeting of 6 November 2009. As the case may be, any disposal of own shares by UCB or its direct subsidiaries can be made pursuant to the authorization granted to the Board of Directors as set forth in article 12 in fine of the Articles of Association. This authorization is however not an authorization to the Board to acquire own shares to "avoid serious and imminent damage to the company" within the meaning of article 620, §1, al. 3 of the Belgian Companies Code.

1.8.9 | 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

- Institutional bonds of UCB SA/NV in the amount of € 500 million 5.75% Fixed Rate Senior Unsecured Securities issued 10 December 2009 which state that in case of a change of control (as defined in the Terms and Conditions, and which was approved by the General Meeting of 29 April 2010) the bondholders have the right to require the issuer to redeem such bondholders' bonds.

- Facility agreement in the amount of € 1 billion between, amongst others, UCB SA/NV, BNP Paribas Fortis SA/NV (formerly Fortis Bank SA/NV), Commerzbank AG, ING Bank NV and Mizuho Bank, LTD., as coordinating bookrunners, Bank of America Merrill Lynch International Limited, The Bank of Tokyo-Mitsubishi UFJ, LTD., Barclays Bank PLC, BNP Paribas Fortis SA/NV (formerly Fortis Bank SA/NV), Commerzbank AG, Crédit Agricole Corporate and Investment Bank, Belgium Branch, ING Bank NV, Intesa SanPaolo S.P.A., KBC Bank NV, Mizuho Bank LTD., The Royal Bank of Scotland PLC., (Belgium branch) (formerly ABN AMRO Bank NV, Belgian branch) and Sumitomo Mitsui Banking Corporation as mandated lead arrangers and Banco Santander, SA London branch, Deutsche Bank Luxembourg SA, DNB Bank ASA and Société Générale as lead, dated 14 November 2009 (as amended and restated on 30 November 2010, on 7 October 2011 and on 9 January 2014), which change of control clause was approved by the General Meeting of 24 April 2014, according to which any and all of the lenders can, in certain circumstances, cancel their commitments and require repayment of their participations in the loans, together with accrued interests and all other amounts accrued and outstanding thereunder, following a change of control of UCB SA/NV.

- Hybrid Bonds of UCB SA/NV in the amount of € 300 million Fixed to-Floating Rate Perpetual Subordinated Securities issued 18 March 2011, the Terms and Conditions of which include a step up clause as per article 4 (h) which states that in case of a change of control (as the concept is defined in the Terms and Conditions) the applicable interest rate will be increased by 500 basis points unless UCB SA/NV elects to reimburse the Hybrid Bonds at that point, which change of control clause was approved by the General Meeting of 28 April 2011.

- Euro Medium Term Note Program dated 6 March 2013, with last update of the base prospectus per 10 March 2015, for an amount of up to € 3 billion (the "EMTN Program"), providing for a change of control clause (condition 5 (e) (i)) under which, for any Notes issued thereunder where a change of control put clause is included in the relevant final terms, any holder of such Note and following a change of control of UCB SA/NV, has a right to redeem that Note by exercising such put right, and as such change of control clause has been approved by the General Meetings of 25 April 2013, 24 April 2014 and 30 April 2015. The following notes have been issued under the EMTN Program by UCB NV/SA and are subject to the above described change of control clause:

  - retail bond 3.75% due 27 March 2020 in the amount € 250 million issued on 27 March 2013;
  - institutional bond 4.125% due 4 January 2021 in the amount of € 350 million issued on 4 October 2013;
  - institutional private placement bond 3.292% due 28 November 2019 in the amount of € 55 million issued on 28 November 2013;
  - institutional private placement bond 3.284% due 17 December 2019 in the amount of € 20 million issued on 10 December 2013;
  - institutional bond 1.875% due 2 April 2022 in the amount of € 350 million issued on 2 April 2015.

  Pursuant to article 556 of the Belgian Companies Code, the above described change of control clause provided for in the EMTN Program of 6 March 2013 has been approved by the General Meetings of 25 April 2013, 24 April 2014 and 30 April 2015 in respect of any series of Notes to be issued under the EMTN Program within the 12 months following such General Meetings of 25 April 2013, 24 April 2014 and 30 April 2015 respectively and to which such change of control has been made applicable. A similar approval will be submitted to the General Meeting of 28 April 2016 in respect of any series of Notes to be issued under the EMTN Program from 28 April 2016 until 28 April 2017, 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 2 October 2013 and maturing 2 October 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 24 April 2014.

- Facility agreement in the amount of € 150 million between UCB Lux SA as borrower, UCB SA/NV as promoter and guarantor, and the European Investment Bank ("EIB") dated 9 May 2012, which change of control clause was approved by the General Meeting of 26 April 2012.

- Facility agreement in the amount of € 100 million between UCB Lux SA as borrower, UCB SA/NV as promoter and guarantor, and the EIB dated 15 April 2013, of which the change of control clause was approved by the General Meeting of 25 April 2013.

- Facility agreement in the amount of € 75 million/USD 100 million between UCB SA/NV as borrower and the EIB, dated 16 June 2014, of which the change of control clause was approved by the General Meeting of 24 April 2014, and whereby the loan, together with accrued interests and all other amount accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.

- EIB co-development agreement in the amount of € 75 million entered with the EIB and of which the change of control clause has been approved by the General Meeting of 24 April 2014 and whereby such agreement can be terminated by the EIB in the event of a change of control of UCB SA/NV and UCB SA/NV may be bound to pay a termination payment corresponding, depending on the circumstances, to all, part of or an increased amount (capped at up to 110%) of the funding received from the EIB.

- Facility agreement in the amount of € 150 million between, UCB SA/NV as borrower and the EIB, dated 15 December 2015, of which the change of control clause will be submitted for approval by the General Meeting of 28 April 2016 and whereby, the loan, together with accrued interests and all other amount accrued and outstanding thereunder, could in certain circumstances become immediately due and payable – at the discretion of the EIB – following a change of control of UCB SA/NV.

- 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.

  On 31 December 2015, the following number of stock awards and performance shares are outstanding:

  - 1 419 402 stock awards, of which 110 176 will vest in 2016;
  - 505 264 performance shares, of which 161 069 will vest in 2016.

- The change of control clauses in the Executive Committee members' contract, as further described in the remuneration report (section 1.4.3).

1.8.10 | 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 section 1.4.3 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 1.4.3, three employees in the U.S. and one outside U.S. benefit from a change of control clause that guarantees their termination compensation if the employment of the employee ceases because of a public takeover bid.

1.9 | APPLICATION OF ARTICLE 523 OF THE COMPANIES CODE

EXCERPT FROM THE MINUTES OF THE MEETING OF THE BOARD HELD ON 26 FEBRUARY 2015

Article 523 of the Belgian Companies Code was applied by the Board of 26 February 2015 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 discussion or decision by the Board of Directors concerning the following items on the agenda:

> *Approval of the CEO bonus based on performance 2014*

> *Approval of the CEO base salary as from 1 January 2015*

> *Approval of the CEO 2015 LTI grant including:*
  - stock options
  - stock awards
  - performance shares

Jean-Christophe Tellier stated that he had a direct financial interest in the implementation of said decisions. In accordance with article 523 of the Company Code, he withdrew from the meeting in order not to attend the discussion by the Board of Directors concerning these issues, nor to participate in the deliberation and the vote. The Board of Directors established that article 523 of the Company Code was applicable to these operations.

***Decision:** Upon recommendation of the Governance, Nomination and Compensation Committee, the Board unanimously approved the following:*

> *CEO bonus pay-out 2015 (performance 2014): € 868 959*

> *CEO base salary as of 1 January 2015: € 940 000 (as per decision of the Board of 6 November 2014)*

> *CEO LTI 2015:*
  - stock options: 46 800 (3 years and 8 months vesting);
  - stock awards: 10 058 (3 years vesting);
  - performance shares: 20 754 (3 years vesting).

(...")

1.10 | APPLICATION OF ARTICLE 96, §2, SECTION 2 OF THE BELGIAN COMPANIES CODE (DEVIATION FROM THE CODE)

Provision 2.9 (guideline): the Secretary of the Board reports to the General Counsel, instead of to the Chairman of the Board, since the Corporate Secretariat, led by the Secretary of the Board, forms part of the legal department within UCB. In accordance with the Charter of Corporate Governance, the members of the Board have however individual access to the Secretary's assistance for all Board or company's matters.

Principle 5.2: following this principle, the Board should set up an Audit Committee in accordance with the Belgian Companies Code which assists the Board in fulfilling its monitoring responsibilities in respect of control in the broadest sense and follow the provisions set out in Appendix C of the Corporate Governance Code. Provision 5.2/4 of Annex C provides that a majority of the Audit Committee members should be independent Directors. Since the mandate of Gerhard Mayr was renewed at the General Meeting of 30 April 2015 for a fourth consecutive term, only for that reason he did no longer qualify as an independent Director pursuant to article 526ter of the Belgian Companies Code. However, since 2015 was already a transition year with the appointment of a new CEO, the Board considered it more important to ensure continuity at the level of the Chair of the Board as well as to keep stability and maintain appropriate expertise, experience and competence at the level of the Audit Committee, even if this temporarily resulted in the Audit Committee no longer being composed of a majority of Directors qualifying as independent. By appointing Albrecht De Graeve, independent Director, as new Chairman of the Audit Committee, UCB intended to address the independence requirement sought by the Code. Following the General Meeting to be held on 28 April 2016 and subject to the approval of the proposed new (independent) Directors, the Board intends to amend the composition of the Audit Committee to comply again with this specific provision of the Code and ensure that such committee will be composed of a majority of independent Directors in addition to being chaired by one of these independent Directors (Albrecht De Graeve).

2. BUSINESS PERFORMANCE REVIEW[1]

Philip,
living with axial spondyloarthritis

2.1 | KEY HIGHLIGHTS

- **Revenue** in 2015 reached € 3 876 million, an increase of 16% (CER: +9%). Net sales went up 20% (CER: +12%) driven by the growth of Cimzia®, Vimpat®, Neupro® and Keppra® combined net sales of € 2.76 billion – now accounting for 77% of UCB's net sales. Royalty income reached € 176 million (+9%) and other revenue decreased to € 188 million (-23%), due to less milestone and other payments from our R&D partners.
- **Recurring EBITDA** reached € 821 million, 35% higher than in 2014 (CER: +18%) reflecting higher revenue, relatively lower overall operating expenses.
- **Profit** amounted to € 674 million, of which € 623 million is attributable to UCB shareholders, reflecting the gain on the divestiture of Kremers Urban.
- **Core EPS** attributable to the UCB shareholders increased from € 1.69 in 2014 to € 2.17 per share in 2015 (+28%).

€ million	ACTUAL[1]		VARIANCE	
	2015	2014	ACTUAL RATES	CER[2]
Revenue	**3 876**	**3 344**	**16%**	**9%**
Net sales	3 512	2 938	20%	12%
Royalty income and fees	176	163	9%	0%
Other revenue	188	243	-23%	-27%
Gross profit	**2 719**	**2 291**	**19%**	**9%**
Marketing and selling expenses	-904	-779	16%	9%
Research and Development expenses	-1 037	-928	12%	6%
General and administrative expenses	-192	-201	-4%	-8%
Other operating income/expenses (-)	-9	-4	> 100%	29%
Recurring EBIT (REBIT)	**577**	**379**	**52%**	**28%**
Non recurring income/expenses (-)	-55	-107	-49%	-40%
EBIT (operating profit)	**522**	**273**	**92%**	**55%**
Net financial expenses	-96	-162	-41%	-43%
Profit before income taxes	**426**	**111**	> 100%	> 100%
Income tax expenses (-)/credit	-111	-6	> 100%	> 100%
Profit from continuing operations	**315**	**105**	> 100%	> 100%
Profit/loss (-) from discontinued operations	359	94	> 100%	> 100%
Profit	**674**	**199**	**> 100%**	**> 100%**
Attributable to UCB shareholders	623	209	> 100%	> 100%
Attributable to non-controlling interests	51	-10	n.s.	n.s.
Recurring EBITDA	**821**	**609**	**35%**	**18%**
Capital expenditure (including intangible assets)	146	161	-9%	n.s.
Net financial debt	921	1 611	-43%	n.s.
Operating cash flow from continuing operations	204	537	> -100%	n.s.
Weighted average number of shares – non diluted	**192**	**191**	**1%**	**n.s.**
EPS (€ per weighted average number of shares – non diluted)	3.25	1.10	**> 100%**	**> 100%**
Core EPS (€ per weighted average number of shares – non diluted)	**2.17**	**1.69**	**28%**	**9%**

This Business Performance Review and the Operating and Financial review are 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 (in September 2004), Surface Specialties (in February 2005), and the divestiture of Kremers Urban Pharmaceuticals Inc. (November 2015), UCB reports the results from those activities as a part of profit from discontinued operations. Kremers Urban is treated as "discontinued operations" since 1 January 2013.

Recurring and non-recurring: Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("non-recurring" items). Besides EBIT (earnings before interest and taxes or operating profit), a line for "recurring EBIT" (REBIT or recurring operating profit), reflecting the on-going profitability of the company's biopharmaceutical activities, is included. The recurring EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Core EPS is the core profit, or the profit attributable to the UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization linked to sales, per non-dilutive weighted average number of shares.

[1] Due to rounding, some financial data may not add up in the tables included in this management report.
[2] CER: constant exchange rates

2.2 | 2015 KEY EVENTS[1]

There have been a number of key events that have affected or will affect UCB financially:

IMPORTANT AGREEMENTS/INITIATIVES

> January 2015 – **UCB and Neuropore entered into world-wide collaboration and agreement** to develop and commercialize therapeutic products aiming at slowing the progression of Parkinson's disease and related disorders. This includes NPT200-11 (UCB1332), Neuropore's novel small molecule that targets pathogenic alpha-synuclein, which entered Phase 1 in August 2015.

> April 2015 – UCB issued **€ 350 million senior unsecured bonds**, due April 2022, under its € 3 billion EMTN Program.

> April 2015 – **UCB entered an agreement with Dr. Reddy's** to sell its established brands in India, including its franchises in the areas of allergies and respiratory disorders. The transaction amounted to INR 8 000 million (~ € 106 million). The transaction closed in June 2015.

> April 2015 – **UCB entered an agreement with Biogen** to distribute their neurology (multiple sclerosis) products in India, Tecfidera®, Tysabri® and Avonex®. Strengthening UCB's neurology portfolio in India, providing innovative solutions to patients living with severe diseases. The transaction closed in August 2015.

> May 2015 – **UCB partnered with Pfizer** in China for the distribution and promotion rights to UCB's allergy franchise (Zyrtec® and Xyzal®).

> September 2015 – **UCB entered a definitive agreement with Lannett** to sell its U.S. specialty generics business, Kremers Urban. Upon closing of the deal in November 2015, UCB received approximately US$ 1.23 billion consisting of cash consideration of US$ 1.03 billion (subject to certain adjustments) and US$ 200 million senior unsecured notes issued to UCB by Lannett. In addition, UCB is eligible to receive contingent payments linked to *methylphenidate HCl ER*, which rating is currently under review by the FDA.

> January 2016 – **UCB decided to redeem the € 300 million perpetual subordinated bonds in whole on 18 March 2016.** The perpetual subordinated bonds were issued in 2011 at 99.499% and offered investors a coupon of 7.75% per annum during the first five years.

> January 2016 – **UCB divested three cardiovascular products from its established brand portfolio to Merus Labs International Inc. (Canada).** The transaction amounted to € 92 million for Europe and selected markets.

REGULATORY UPDATE AND PIPELINE PROGRESS

NEUROLOGY

> **Vimpat®** (*lacosamide*) as adjunctive therapy in the treatment of adult patients with partial-onset seizures (POS) was filed with the Chinese and Japanese agencies during the summer of 2015. To support this expansion, in November 2014, UCB entered into an agreement with Daiichi Sankyo to jointly commercialize *lacosamide* in Japan.
The Phase 3 study for Vimpat® as monotherapy in the treatment of adults with partial-onset seizures generated positive results in October 2015. Filing with the European authorities took place in January 2016.
The Phase 3 program for Vimpat® in primary generalized tonic-clonic seizures (PGTCS) started in April 2015; headline results are expected in 2019.

> In February 2015, the Japanese regulatory authorities approved **E Keppra®** (*levetiracetam*) as monotherapy and the IV formulation in the treatment of partial-onset seizures in people living with epilepsy aged 4 years and above. In March 2015, E Keppra® was filed as adjunctive therapy for PGTCS. In Brazil, Keppra® was approved in the treatment of epilepsy in August 2015 and is available as a new treatment option for epilepsy patients in Brazil since January 2016.

> **Briviact®** (*brivaracetam*) as adjunctive therapy for partial-onset seizures in patients from 16 years of age was filed in January 2015 with the U.S. and EU regulatory authorities. Briviact® was approved in EU in January 2016, and in the U.S. in February 2016.

> **UCB0942** (PPSI), a small molecule in development for highly drug resistant epilepsy, started Phase 2a, a proof of concept study, in August 2015; first results are expected in the first quarter of 2017.

> Following positive results from two Phase 3 studies evaluating **Neupro®** (*rotigotine* transdermal patch) in the treatment of patients in China with Parkinson's disease in February 2015, Neupro® was filed with the Chinese regulatory authorities in August 2015.

> A Phase 1 study with **UCB1332/NPT200-11**, a small molecule disease modifying treatment option for people living with Parkinson's disease, started in August 2015, in collaboration with Neuropore.

IMMUNOLOGY

> In 2015, **Cimzia®** (*certolizumab pegol*) was approved for the treatment of severe, active and progressive rheumatoid arthritis (RA) in adults not previously treated with *methotrexate* or other disease-modifying anti-rheumatic drugs (DMARDs), both in Japan (May

[1] From 1 January 2015 up to the publication date of this report.

2015) and in Europe (December 2015) based on the results of two Phase 3 clinical trials, C-OPERA™ and first period of C-EARLY™ (52 weeks). By demonstrating that Cimzia® provides significant clinical benefit and inhibition of progression of radiographic damage, both studies support the concept of an early window of opportunity for treatment in these patients. The C-EARLY™ trial continued from week 52 to 104 and evaluated treatment strategies to sustain a low disease activity state, without a flare, when Cimzia® dosing is maintained, reduced or stopped. A lower number of patients than expected qualified for entry to the second period resulting in outcomes that were clinically meaningful but did not reach statistical significance. Patients who stopped Cimzia® had a tendency to worsen over time. Results have been submitted for presentation at scientific a congress in 2016.
Following positive feedback from the U.S. FDA, UCB started a Phase 3 study to assess the efficacy and safety of Cimzia® in the treatment of adults with active non radiographic axial spondyloarthritis (nr-AxSpA) in September 2015; results are expected in 2018.
In January 2015, Dermira and UCB announced the start of the Phase 3 program for Cimzia® in psoriasis. Top-line data from this program are expected by end of first quarter 2017.

> In July 2015, UCB announced that the Phase 3 studies for ***epratuzumab*** in systemic lupus erythematosus did not meet the primary clinical efficacy endpoints. Treatment response in patients who received *epratuzumab* in addition to standard therapy was not statistically significantly higher than those who received placebo in addition to standard therapy. A high level review of the safety data did not identify any new safety concerns.

> A Phase 2a study started in May 2015 to evaluate ***bimekizumab*** (UCB4940; IL17 A/F) as add-on therapy to Cimzia® in patients suffering from rheumatoid arthritis. Headline results are expected in the first half of 2017.
The early Phase 2 study with *bimekizumab* in patients with psoriatic arthritis yielded positive topline results in October 2015, supporting UCB's hypothesis that targeting both ligands, IL-17A and IL-17F translates into potentially improved clinical patient benefit. These topline results will be followed by full analyses and will be submitted for presentation at an upcoming scientific meeting. UCB is now preparing the next development Phase 2b, planned to start in the second half of 2016.

> ***Seletalisib*** (UCB5857; PI3K delta inhibitor) entered Phase 2a in November 2015 to assess its efficacy, safety, and tolerability in patients with primary Sjogren's syndrome (pSS). Results of this study are expected in the first half of 2017.

> ***Dapirolizumab pegol*** (CDP7657), an anti-CD40L pegylated Fab being developed in systemic lupus erythematosus jointly with Biogen, is scheduled to progress to Phase 2b in the third quarter of 2016.

> **UCB7665** will start Phase 2, a proof-of-concept (POC) study, in idiopathic thrombocytopenic purpura (ITP) in the second quarter of 2016.

> The new molecular entity **UCB4144/VR942**, a partnership with Vectura, entered Phase 1 in June 2015. UCB4144/VR942 is an immunomodulatory inhaled biologic for patients with uncontrolled asthma.

> In collaboration with the King's College London, **UCB6673** for immunotherapy entered Phase 1 in October 2015. This results from collaboration with the King's College London as part of UCB's continued strategy to innovate in drug discovery and early development by building scientific super networks and thereby convert innovative scientific discoveries into health improvements for patients

BONE

> In September 2015, UCB and Amgen announced positive top-line results from an open-label study, STRUCTURE, comparing ***romosozumab*** with *teriparatide* in postmenopausal woman with osteoporosis switching from oral bisphosphonate therapy. The study met the primary endpoint, demonstrating a statistically significant difference in favor of *romosozumab*, in the percent change of total hip bone mineral density.
In February 2016, UCB and Amgen announced top-line results from the Phase 3 placebo-controlled study in postmenopausal women with osteoporosis (FRAME). These data showed FRAME met the co-primary endpoints by reducing the incidence of new vertebral fracture through months 12 and 24 in postmenopausal women with osteoporosis treated with *romosozumab*. The study also met the secondary endpoint of reducing the incidence of clinical fractures (composite of vertebral and non-vertebral fractures) in postmenopausal women with osteoporosis through 12 months. The secondary endpoint of reducing the incidence of non-vertebral fractures through months 12 and 24 was not met.
The second Phase 3 study, ARCH, which includes an active comparator is expected to report results in 2017. The third study, BRIDGE, evaluating *romosozumab* in male osteoporosis, is expected to report headline results in the first half of 2016.

All other clinical development programs are continuing as planned.

2.3 | NET SALES BY PRODUCT

Total net sales amount to € 3 512 million, 20% above last year or +12% at constant rates.
This was driven by the 38% growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 2 020 million – representing 56% of UCB's global net sales. The top four products reached combined net sales of € 2 758 million, a plus of 29% and standing for more than 77% of the global net sales before hedging (unalloacted net sales).

	ACTUAL		VARIANCE	
€ million	**2015**	2014	ACTUAL RATES	CER
Cimzia®	1 083	797	36%	21%
Vimpat®	679	471	44%	26%
Neupro®	258	200	29%	22%
Keppra®	737	665	11%	2%
Established brands				
Zyrtec®	147	163	-10%	-10%
Xyzal®	117	96	22%	13%
venlafaxine ER	90	58	56%	31%
Nootropil®	52	55	-6%	-3%
Other products	432	427	1%	-2%
Net sales before unallocated	3 594	2 931	23%	10%
Unallocated	-82	7	> - 100%	
Total net sales	**3 512**	**2 938**	**20%**	**12%**

Cimzia® (*certolizumab pegol*) served more patients with inflammatory TNF-mediated diseases and reached net sales of € 1 083 million, an increase of 36% (CER: +21%).

Vimpat® (*lacosamide*), available for people living with epilepsy partial-onset seizures achieved net sales of € 679 million (+44%; CER: +26%).

Neupro® (*rotigotine* transdermal patch) broadened access for patients with Parkinson's disease or restless legs syndrome and increased net sales to € 258 million (+29%; CER: +22%).

Keppra® (*levetiracetam*), reached more people living with epilepsy and reported net sales of € 737 million (+11%; CER: +2%).

ESTABLISHED BRANDS

Zyrtec® (*cetirizine*, including Zyrtec®-D/Cirrus®), for allergy, had 10% lower net sales of € 147 million (CER: -10%), due to generic competition.

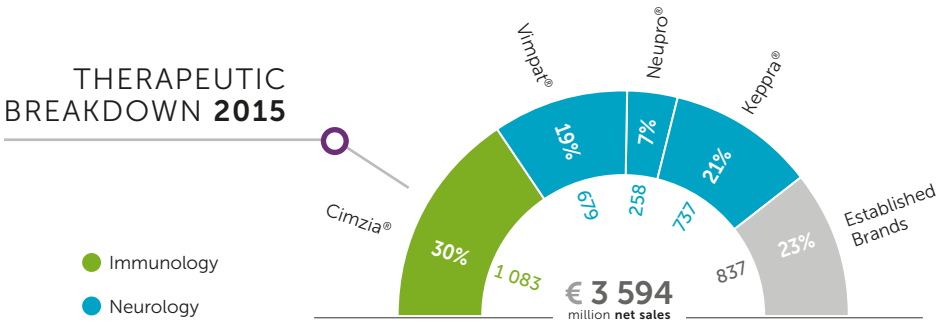
Xyzal® (*levocetirizine*), for allergy, reached net sales of € 117 million (+22%; CER: +13%) supported by the growth in Japan.

Venlafaxine ER (*venlafaxine hydrochloride* extended release) for the treatment of depressive and anxiety disorders reached net sales of € 90 million (+56%; CER: +31%).

Nootropil® (*piracetam*), for cognitive disorders, had net sales of € 52 million (-6%; CER: -3%).

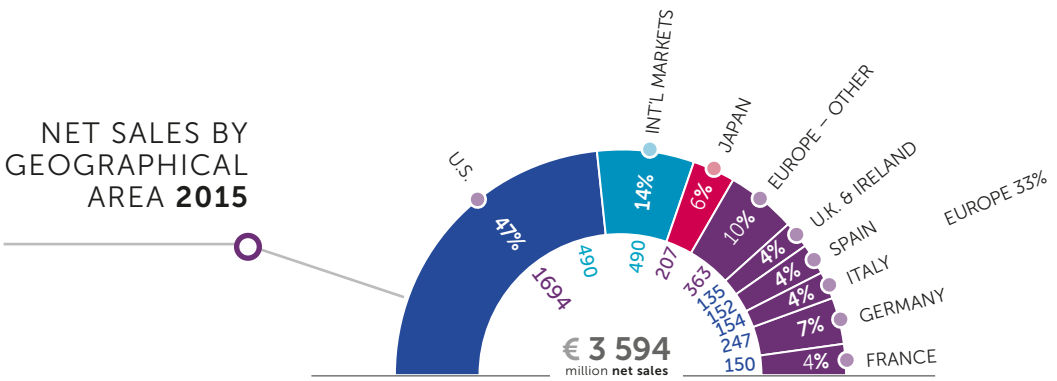
Other products: Net sales for other mature products reached € 432 million (+1%; CER: -2%).

Unallocated net sales were negative with € 82 million reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.



2.4 | NET SALES BY GEOGRAPHICAL AREA

€ million	ACTUAL 2015	ACTUAL 2014	ACTUAL RATES € MILLION	ACTUAL RATES %	CER € MILLION	CER %
Net sales U.S.	**1 694**	**1 124**	**570**	**51%**	**294**	**26%**
Cimzia®	713	489	224	46%	108	22%
Vimpat®	513	334	178	53%	94	28%
Neupro®	79	38	40	> 100%	28	72%
Keppra®	254	199	55	28%	13	7%
Other products						
venlafaxine ER	90	58	32	56%	18	31%
Other	46	6	40	> 100%	34	> 100%
Net sales Europe	**1 203**	**1 146**	**57**	**5%**	**41**	**4%**
Cimzia®	296	232	63	27%	58	25%
Vimpat®	134	112	23	20%	22	20%
Neupro®	150	138	12	9%	11	8%
Keppra®	250	269	-19	-7%	-22	-8%
Other products						
Zyrtec®	67	65	3	4%	2	3%
Xyzal®	36	39	-3	-9%	-4	-11%
Nootropil®	24	26	-2	-6%	-2	-6%
Other	246	266	-20	-8%	-24	-9%
Net sales Japan	**207**	**197**	**10**	**5%**	**-2**	**-1%**
Cimzia®	10	29	-20	-66%	-20	-68%
Neupro®	19	16	3	15%	3	15%
E Keppra®	79	64	16	24%	12	19%
Other products						
Xyzal®	53	30	23	76%	16	55%
Zyrtec®	46	57	-11	-20%	-13	-23%
Other	1	1		5%		0%
Net sales international markets	**490**	**464**	**27**	**6%**	**18**	**4%**
Cimzia®	64	46	18	40%	19	42%
Vimpat®	32	25	7	26%	7	26%
Neupro®	10	7	3	44%	3	42%
Keppra®	154	133	21	15%	11	8%
Other products						
Zyrtec® (including Cirrus®)	31	37	-6	-16%	-3	-9%
Nootropil®	27	29	-2	-6%	0	0%
Xyzal®	23	23	0	-1%	0	-1%
Other	149	163	-14	-9%	11	7%
Net sales before unallocated	**3 594**	**2 931**	**664**	**23%**	**312**	**10%**
Unallocated	**-82**	**7**	**-90**	**> -100%**		
Total net sales	**3 512**	**2 938**	**574**	**20%**	**262**	**12%**



U.S. net sales reported by UCB reached € 1 694 million, an increase of 51% (CER: +26%). Key driver of this growth was the 51% growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 1 305 million, driven by continuously broadened access to patients. The Keppra® franchise amounted € 254 million (+28%; CER: +7%) benefiting from its product profile and short supply in the generic market. *Venlafaxine ER* reported net sales of € 90 million, a plus of 56% (CER: +31%), benefiting from continued supply shortages in the market. Net sales of the other products reached € 46 million, due to short supply in the generic market.

Europe net sales reached € 1 203 million, up by 5% (CER: +4%), driven by the continued growth of Cimzia®, Vimpat® and Neupro® combined net sales to € 580 million, a plus of 20%, thanks to continuously broadened access to patients. Keppra® net sales decreased by 7% to € 250 million, due to post-exclusivity erosion. The allergy drug Zyrtec® reached € 67 million (+4%). Nootropil® net sales remained stable at € 24 million. Other products contributed € 246 million (-8%), due to generic competition.

Japan net sales reached € 207 million (+5%; CER: -1%). Cimzia® net sales of € 10 million (-66%; CER: -68%) are reflecting the order pattern of UCB's partner; the in-market performance shows a continued strong growth trend (>30%). Net sales for Neupro® increased to € 19 million (+15%; CER: +15%) and E Keppra® to € 79 million (+24%; CER: +15%); UCB's partner in Japan for both is Otsuka. The allergy franchise, Zyrtec® and Xyzal®, showed mixed results reflecting the generic competition to Zyrtec® (-20%; CER: -23%) and the increased demand for the new allergy drug Xyzal® (+76%; CER: +55%).

International markets net sales – including Canada, emerging markets and rest of the world – increased to € 490 million (+6%; CER: +4%). Especially in China and Brazil, net sales reached € 143 million and € 26 million respectively driven by Cimzia®, Vimpat®, Neupro® and Keppra®.

Unallocated net sales were negative with € 82 million reflecting UCB's transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar, the Japanese Yen, the British Pound and the Swiss Franc.

2.5 | ROYALTY INCOME AND FEES

	ACTUAL		VARIANCE	
€ million	**2015**	2014	ACTUAL RATES	CER
Biotechnology IP	96	87	11%	0%
Zyrtec® U.S.	27	21	30%	9%
Toviaz®	23	18	30%	30%
Other	30	37	-19%	-20%
Royalty income and fees	**176**	**163**	**9%**	**0%**

In 2015, **royalty income and fees** increased to € 177 million, (+9%; CER: 0%). Mainly due to the franchise royalties received from Pfizer for the overactive bladder treatment Toviaz® (*fesoterodine*) which went up to € 23 million (+30%; CER: 30%), due to decelerated exclusivity expiration within the franchise.

Other royalty income and fees reached € 30 million, down 19% (CER: -20%), and are related to lower income from out-licensed products.

2.6 | OTHER REVENUE

€ million	ACTUAL 2015	ACTUAL 2014	VARIANCE ACTUAL RATES	VARIANCE CER
Contract manufacturing sales	44	43	4%	2%
Partnerships in Japan	63	49	29%	29%
Product profit sharing	27	33	-18%	-19%
Partnerships in China	20	0	> 100%	> 100%
Other	33	118	-72%	-78%
Other revenue	**188**	**243**	**-23%**	**-27%**

Other revenue went down by 23% to € 188 million mainly due to less milestone and other payments from our R&D partners.

Contract manufacturing sales were € 44 million, 4% higher and are mainly related to agreements with GSK announced in 2009.

Our **partnerships in Japan** encompass the collaboration with Otsuka focusing on E Keppra® and Neupro®, with Astellas for Cimzia® and with Daiichi Sankyo for Vimpat®. Milestone and other payments from our Japanese partners reached € 63 million (2014: € 49 million), supported by a milestone payment from Daiichi thanks to the filing of Vimpat® in Japan (see 2015 key events section).

The **product profit sharing agreements** for Provas®, Xyzal® and other reached revenue of € 27 million, 18% lower, driven by the life cycle of these products.

Our **partnerships in China** encompass the collaboration for Biogen's multiple sclerosis and hemophilia therapies and the market rights to UCB's allergy franchise. Revenue reached € 20 million, mainly due to payments linked to the transfer of the marketing rights (see 2015 key events section).

"Other" revenue reached € 33 million (-72%). In 2014 this included milestones and other payments from our R&D partners like the European Investment Bank (EIB) providing "at-risk co-development funding" for the development of selected UCB compounds; and Sanofi for the scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules. As expected, this has not re-occurred to the same extent in 2015.

2.7 | GROSS PROFIT

€ million	ACTUAL 2015	ACTUAL 2014	VARIANCE ACTUAL RATES	VARIANCE CER
Revenue	**3 876**	**3 344**	**16%**	**9%**
Net sales	3 512	2 938	20%	12%
Royalty income and fees	176	163	9%	0%
Other revenue	188	243	-23%	-27%
Cost of sales	**-1 157**	**-1 053**	**10%**	**7%**
Cost of sales products and services	-776	-752	3%	1%
Royalty expenses	-244	-162	51%	44%
Amortization of intangible assets linked to sales	-137	-139	-1%	-8%
Gross profit	**2 719**	**2 291**	**19%**	**9%**

In 2015, **gross profit** increased to € 2 719 million (+19%), due to the net sales growth and improved product mix – the top four products represented more than 77% of the net sales. The 2015 gross margin is 70% (2014: 69%).

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:

- **Cost of sales for products and services** increased to € 776 million, plus 3%;
- **Royalty expenses** increased to € 244 million from € 162 million due to higher royalties for marketed products, especially Cimzia®.

€ million	ACTUAL 2015	ACTUAL 2014	VARIANCE ACTUAL RATES	VARIANCE CER
Biotechnology IP	-28	-24	20%	8%
Other	-216	-138	56%	50%
Royalty expenses	**-244**	**-162**	**51%**	**44%**

Amortization of intangible assets linked to sales: Under IFRS 3 (*Business Combinations*), UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process Research and Development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for launched products were stable at € 137 million (2014: € 139 million).

2.8 | RECURRING EBIT AND RECURRING EBITDA

€ million	ACTUAL 2015	ACTUAL 2014	VARIANCE ACTUAL RATES	VARIANCE CER
Revenue	**3 876**	**3 344**	**16%**	**9%**
Net sales	3 512	2 938	20%	12%
Royalty income and fees	176	163	9%	0%
Other revenue	188	243	-23%	-27%
Gross profit	**2 719**	**2 291**	**19%**	**9%**
Marketing and selling expenses	-904	-779	16%	9%
Research and development expenses	-1 037	-927	12%	6%
General and administrative expenses	-192	-201	-4%	-8%
Other operating income/expenses (-)	-9	-4	>100%	29%
Total operating expenses	**-2 142**	**-1 911**	**12%**	**5%**
Recurring EBIT (rEBIT)	**577**	**379**	**52%**	**28%**
Add: Amortization of intangible assets	170	168	1%	-5%
Add: Depreciation charges	74	62	22%	14%
Recurring EBITDA (rEBITDA)	**821**	**609**	**35%**	**18%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 2 142 million, showing a lower growth rate than the revenue and the net sales line:

- **marketing and selling expenses** of € 904 million, up by 16%, also reflecting the launch preparations for Briviact® (*brivaracetam*), UCB's new epilepsy drug which is being launched already in the UK and Germany during Q1 2016;
- **research and development expenses** of € 1 037 million (+12%) driven by the well advanced, late-stage clinical development pipeline (namely Briviact® (*brivaracetam*) and *romosozumab*) as well as an attractive growing early-stage pipeline including 8 new molecular entities in immunology and neurology;
- slightly lower **general and administrative expenses** of € 192 million (-4%);
- **other operating expenses** of € 9 million including the non-production related amortization, the U.S. Branded Prescription Drug fee offset by grants.

Recurring EBIT increased to € 577 million, compared to € 379 million for 2014:

- total amortization of intangible assets (product related and other) amounted to € 170 million (1%);
- depreciation charges increased to € 74 million (22%).

Recurring EBITDA reached therefore € 821 million after € 609 million in 2014 (+35%), driven by strong net sales growth and a under-proportional growth of operating expenses supported by tailwind from foreign exchange rates in 2015.

2.9 | PROFIT AND CORE EPS

€ million	ACTUAL 2015	ACTUAL 2014	VARIANCE ACTUAL RATES	VARIANCE CER
Recurring EBIT	**577**	**379**	**52%**	**28%**
Impairment charges	-88	-30	> 100%	> 100%
Restructuring expenses	-27	-63	-57%	-58%
Gain on disposals	139	20	> 100%	> 100%
Other non recurring income/expenses (-)	-79	-34	> 100%	> 100%
Total non recurring income/expenses (-)	**-55**	**-107**	**-49%**	**-40%**
EBIT (operating profit)	**522**	**273**	**92%**	**55%**
Net financial expenses	-96	-162	-41%	-43%
Result from associates	-0	0	n.s.	n.s..
Profit before income taxes	**426**	**111**	**> 100%**	**> 100%**
Income tax expenses (-)/credit	-111	-6	> 100%	> 100%
Profit from continuing operations	**315**	**105**	**> 100%**	**> 100%**
Profit/loss (-) from discontinued operations	359	94	> 100%	> 100%
Profit	**674**	**199**	**> 100%**	**> 100%**
Attributable to the UCB shareholders	623	209	> 100%	> 100%
Attributable to the non-controlling interests	51	-10	> 100%	> 100%
Profit attributable to UCB shareholders	**623**	**209**	**> 100%**	**> 100%**
After-tax non-recurring items and one-offs	53	109	-48%	-57%
Profit (-) from discontinued operations	-359	-94	> 100%	> 100%
After-tax amortization of intangibles linked to sales	100	99	1%	-6%
Core profit attributable to UCB shareholders	**417**	**322**	**29%**	**10%**
Weighted average number of shares (million)	192	191	1%	n.s.
Core EPS attributable to UCB shareholders (€)	**2.17**	**1.69**	**28%**	**9%**

Total non-recurring income/expenses amounted to € 55 million pre-tax expense, compared to € 107 million in 2014. Main driver of this reduction is a gain from the divestiture of UCB's established brands in India. The non-recurring items also include the impairment of the intangible asset related to *epratuzumab* and other intangible assets, a write-off tangible asset related to a production plant classified as held for sale, restructuring expenses, provisions and other expenses related to litigations (see 2015 key events section).

Net financial expenses improved to € 96 million from € 162 million, mainly driven by lower interest expenses due to the pay-down of the outstanding € 574 million retail bond which matured November 2014 (coupon of 5.75%).

Income tax expenses were € 111 million compared to € 6 million. The average tax rate in 2015 on recurring activities was 24%.

Profit from discontinued operations, reflecting the divestiture (see 2015 key events section) and activities respectively of Kremers Urban, reached € 359 million after € 94 million respectively.

The **profit of the Group** amounted to € 674 million, after € 199 million in 2014, and of which € 623 million attributable to the UCB shareholders and € 51 million to non-controlling interests. In 2014, € 209 million were attributable to UCB shareholders and a loss of € 10 million to non-controlling interests.

The profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization linked to sales, gives rise to a **core profit** attributable to the UCB shareholders of € 417 million, 29% higher than 2014.

This lead to **core earnings per share (EPS)** of € 2.17 compared to € 1.69 in 2014 per non-dilutive weighted average number of shares of 192 million and 191 million respectively.

2.10 | CAPITAL EXPENDITURE

The tangible capital expenditure resulting from UCB biopharmaceutical activities amounted to € 71 million in 2015 (2014: € 84 million). The 2015 capital expenditures related mainly to IT hardware and other plant & equipment.

Acquisition of intangible assets reached € 75 million in 2015 (2014: € 77 million) for software development costs and in-licencing deals.

In addition, as foreseen in the agreement between UCB and Lonza for the manufacturing by Lonza of PEGylated antibody fragment-based bulk actives, UCB has participated in the pre-financing of the related capital expenditure. Depreciation charges on this investment are recognized in the cost of goods sold and is added back for recurring EBITDA calculation purposes.

2.11 | BALANCE SHEET

The **intangible assets** decreased by € 163 million from € 1 219 million at 31 December 2014 to € 1 055 million at 31 December 2015. This includes the on-going amortization of the intangible assets (€ 178 million) mainly related to the acquisition of Celltech and Schwarz Pharma, impairment (€ 53 million), the increasing U.S. dollar and British pound, partially offset by additions through in-licencing deals and assets held for sale.

Goodwill amounts € 5 164 million or a € 282 million increase between 31 December 2014 and 31 December 2015 due to the increasing U.S. dollar and British pound.

Other non-current assets increased by € 352 million, driven by US$ 200 million senior unsecured notes issued to UCB by Lannett and an increase in deferred tax assets due to R&D tax credits.

The **current assets** increase from € 2 501 million as of 31 December 2014 to € 2 838 million as of 31 December 2015 stems from the sale of the KU business.

UCB's shareholders' equity, at € 5 546 million, an increase of € 704 million between 31 December 2014 and 31 December 2015. The important changes stem from the net profit after non-controlling interest (€ 623 million), positive currency translation (€ 320 million), offset with treasury shares (€ 159 million) and the dividend payments (€ 225 million).

The **non-current liabilities** amount € 2 349 million, a decrease of € 352 million, stems from the reclassification of the Institutional Eurobond maturing in 2016 (€ 506 million) and warrants to current liabilities offset with the € 350 million issued senior unsecured bonds.

The **current liabilities** amounts € 3 061 million, an increase of € 456 million, mainly related to the 2016 maturing Institutional Eurobond, higher other payables, offset with the repayment of short term borrowings and liabilities held for sale.

The **net debt** decreased by € 690 million from € 1 611 million as of end December 2014 to € 921 million as of end December 2015, and relates to sale of the KU business, the underlying net profitability, offset by the dividend payment on the 2014 results and the dividend related to the perpetual subordinated bond.

2.12 | CASH FLOW STATEMENT

The evolution of cash flow generated by biopharmaceuticals activities is affected by the following:

- **Cash flow from operating activities** amounted € 246 million. Thereof, cash flow from continuing operations amounted to € 204 million after € 537 million in 2014. The decrease stems mainly from the repayment of the share swap transactions.
- **Cash flow from investing activities** showed an inflow of € 889 million, including the cash consideration related to the sale of KU to Lannett.
- **Cash flow from financing activities** has an outflow of € 366 million, which includes the repayment of commercial papers and other loans, the dividend paid to the UCB shareholders and the shareholders of the perpetual subordinated bond, acquisition of treasury shares offset with the € 350 million issued senior unsecured bond.

2.13 | OUTLOOK 2016

In 2016, UCB expects the continued growth of its products driving company growth. UCB will also advance its development pipeline to offer potential new solutions for patients.

2016 revenue is expected to grow to approximately € 4.0-4.1 billion. **Recurring EBITDA** should increase to approximately € 970-1 010 million. **Core earnings per share** are therefore expected in the range of € 2.90-3.20 based on an average of 188 million shares outstanding.

Aurore Mary,
living with lupus

03. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT
2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
4. CONSOLIDATED STATEMENT OF CASH FLOWS
5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 | CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	NOTE	2015	2014
€ million			
CONTINUING OPERATIONS			
Net sales	5	3 512	2 938
Royalty income and fees		176	163
Other revenue	7	188	243
Revenue		**3 876**	**3 344**
Cost of sales		-1 157	-1 053
Gross profit		**2 719**	**2 291**
Marketing and selling expenses		-904	-779
Research and development expenses		-1 037	-928
General and administrative expenses		-192	-201
Other operating income/expenses (-)	10	-9	-4
Operating profit before impairment, restructuring and other income and expenses		**577**	**379**
Impairment of non-financial assets	11	-88	-30
Restructuring expenses	12	-27	-63
Other income/expenses (-)	13	60	-13
Operating profit		**522**	**273**
Financial income	14	34	53
Financial expenses	14	-130	-215
Share of loss of associates		-0	-0
Profit/loss (-) before income taxes		**426**	**111**
Income tax expense (-)/credit	15	-111	-6
Profit/loss (-) from continuing operations		**315**	**105**
DISCONTINUED OPERATIONS			
Profit/loss (-) from discontinued operations	6	359	94
PROFIT		**674**	**199**
Attributable to:			
Equity holders of UCB SA		623	209
Non-controlling interests		51	-10
BASIC EARNINGS PER SHARE (€)			
from continuing operations	37	1.38	0.60
from discontinued operations	37	1.87	0.50
Total basic earnings per share		**3.25**	**1.10**
DILUTED EARNINGS PER SHARE (€)			
from continuing operations	37	1.38	0.60
from discontinued operations	37	1.87	0.50
Total diluted earnings per share		**3.25**	**1.10**

2 | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	NOTE	2015	2014
€ million			
PROFIT FOR THE PERIOD		**674**	**199**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods:			
- Net gain/loss (-) on available for sale financial assets		30	18
- Exchange differences on translation of foreign operations		303	258
- Effective portion of gains/losses (-) on cash flow hedges		12	-50
- Income tax relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		0	0
Items not to be reclassified to profit or loss in subsequent periods:			
- Remeasurement of defined benefit obligation	30	13	-128
- Income tax relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods		17	12
Other comprehensive income/loss (-) for the period, net of tax		375	110
Total comprehensive income for the period, net of tax		**1 049**	**309**
Attributable to:			
Equity holders of UCB SA		1 015	338
Non-controlling interests		34	-29
Total comprehensive income for the period, net of tax		**1 049**	**309**

3 | CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ million	NOTE	2015	2014
ASSETS			
Non-current assets			
Intangible assets	17	1 055	1 219
Goodwill	18	5 164	4 882
Property, plant and equipment	19	651	686
Deferred income tax assets	29	843	682
Financial and other assets (including derivative financial instruments)	20	405	178
Total non-current assets		**8 118**	**7 647**
Current assets			
Inventories	21	566	547
Trade and other receivables	22	836	729
Income tax receivables		19	9
Financial and other assets (including derivative financial instruments)	20	54	53
Cash and cash equivalents	23	1 285	507
Assets of disposal group classified as held for sale	6.2	78	656
Total current assets		**2 838**	**2 501**
Total assets		**10 956**	**10 148**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	24	5 672	5 002
Non-controlling interests	20.6	-126	-160
Total equity		**5 546**	**4 842**
Non-current liabilities			
Borrowings	26	349	341
Bonds	27	1 236	1 406
Other financial liabilities (including derivative financial instruments)	28	117	275
Deferred income tax liabilities	29	48	62
Employee benefits	30	417	430
Provisions[1]	31	76	39
Trade and other liabilities	32	106	148
Total non-current liabilities		**2 349**	**2 701**
Current liabilities			
Borrowings	26	117	372
Bonds	27	506	0
Other financial liabilities (including derivative financial instruments)	28	131	183
Provisions[1]	31	66	47
Trade and other liabilities	32	1 688	1 386
Income tax payables[1]	33	553	417
Liabilities of disposal group classified as held for sale	6.2	0	200
Total current liabilities		**3 061**	**2 605**
Total liabilities		**5 410**	**5 306**
Total equity and liabilities		**10 956**	**10 148**

[1] Liabilities for uncertain tax positions are presented in current "Income tax payables" instead of "Provisions" as from 2015. Comparative amounts for 2014 have been reclassified.

4 | CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	NOTE	2015	2014
€ million			
Profit for the year attributable to UCB shareholders		**623**	**209**
Non-controlling interests		50	-10
Adjustment for profit (-)/loss from discontinued operations	6	-359	-94
Adjustment for non-cash transactions	34	313	167
Adjustment for items to disclose separately under operating cash flow	34	111	6
Adjustment for items to disclose under investing and financing cash flows	34	-59	74
Change in working capital	34	83	340
Share swaps	34	-190	26
Interest received*	14	5	40
Cash flow generated from operations		**577**	**758**
Tax paid during the period		-331	-206
Net cash flow used in (-)/generated by operating activities:			
From continuing operations		204	537
From discontinued operations		42	15
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		**246**	**552**
Acquisition of property, plant and equipment	19	-71	-84
Acquisition of intangible assets	17	-75	-77
Acquisition of subsidiaries, net of cash acquired		-2	0
Acquisition of other investments		-1	-21
Sub-total acquisitions		**-150**	**-183**
Proceeds from sale of intangible assets		41	10
Proceeds from sale of property, plant and equipment		4	3
Proceeds from sale of Kremers Urban, net of cash disposed	6	880	0
Proceeds from sale of other activities, net of cash disposed		106	8
Proceeds from sale of other investments		8	1
Dividends received		0	0
Sub-total disposals		**1 039**	**22**
Net cash flow used in (-)/generated by investing activities:			
From continuing operations		19	-146
From discontinued operations		870	-15
NET CASH FLOW USED IN (-) / GENERATED BY INVESTING ACTIVITIES		**889**	**-161**
Proceeds from issuance of share capital		0	0
Proceeds from issuance of bonds	27	346	0
Repayment of bonds (-)	27	0	-575
Proceeds from borrowings	26	153	387
Repayments of borrowings (-)	26	-424	-45
Payment of finance lease liabilities		-3	-3
Acquisition (-)/disposal of treasury shares	24	-122	-53
Dividend paid to UCB shareholders, net of dividend paid on own shares	38	-225	-222
Interest paid	14	-91	-124
Net cash flow used in (-)/generated by financing activities:			
From continuing operations		-366	-635
From discontinued operations		0	0
NET CASH FLOW USED IN FINANCING ACTIVITIES		**-366**	**-635**
NET INCREASE/DECREASE (-) IN CASH AND CASH EQUIVALENTS		**769**	**-244**
From continuing operations		-143	-244
From discontinued operations		912	0
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**507**	**745**
Effect of exchange rate fluctuations		1	6
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1 277**	**507**

* Interest received has been presented as part of net cash flow generated by operating activities instead of net cash flow used in financing activities. The comparative amount for 2014 has been reclassified.

5 | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2015 – € MILLION	ATTRIBUTED TO EQUITY HOLDERS OF UCB SA										
	Share capital and share premium	Hybrid capital	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments*	Available for sale financial assets	Cash flow hedges	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2015	**2 614**	**295**	**-173**	**2 515**	**-96**	**-138**	**13**	**-28**	**5 002**	**-160**	**4 842**
Profit for the period				623					623	51	674
Other comprehensive income/ loss (-)					30	320	30	12	392	-17	375
Total comprehensive income				**623**	**30**	**320**	**30**	**12**	**1 015**	**34**	**1 049**
Dividends (Note 38)				-202					-202		-202
Share-based payments (Note 25)				39					39		39
Transfer between reserves			37	-37					0		0
Treasury shares (Note 24)			-159						-159		-159
Dividend to shareholders of perpetual subordinated bonds (Note 24)				-23					-23		-23
Balance at 31 December 2015	**2 614**	**295**	**-295**	**2 915**	**-66**	**182**	**43**	**-16**	**5 672**	**-126**	**5 546**

2014 – € MILLION	ATTRIBUTED TO EQUITY HOLDERS OF UCB SA										
	Share capital and share premium	Hybrid capital	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments*	Available for sale financial assets	Cash flow hedges	Total	Non-controlling interests	Total stockholders' equity
Balance at 1 January 2014	**2 154**	**295**	**-167**	**2 509**	**61**	**-415**	**-6**	**22**	**4 454**	**-131**	**4 323**
Profit for the period				209					209	-10	199
Other comprehensive income/ loss (-)					-116	277	18	-50	129	-19	110
Total comprehensive income				**209**	**-116**	**277**	**18**	**-50**	**338**	**-29**	**309**
Capital increase (Note 24)	460								460		460
Dividends (Note 38)				-199					-199		-199
Share-based payments (Note 25)				30					30		30
Transfer between reserves			11	-11					0		0
Treasury shares (Note 24)			-17						-17		-17
Put and Call option for non-controlling interest (Note 24)					-41				-41		-41
Dividend to shareholders of perpetual subordinated bonds (Note 24)				-23					-23		-23
Balance at 31 December 2014	**2 614**	**295**	**-173**	**2 515**	**-96**	**-138**	**13**	**-28**	**5 002**	**-160**	**4 842**

*Net investment hedge is presented as part of "Cumulative translation adjustments". Comparative amount for 2014 has been reclassified.

Bernd,
living with
rheumatoid arthritis
and
ankylosing spondylitis

04. 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 therapeutic areas namely Neurology and Immunology.

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries. Within the Group, UCB Pharma SA and UCB S.R.O, both wholly owned subsidiaries, have branches in the U.K and Slovakia, respectively, that are integrated into their accounts.

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 25 February 2016. The shareholders will be requested to approve the statutory financial statements of UCB SA at their annual meeting on 28 April 2016.

2. Summary of significant accounting policies

The principal 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.

2.1 | 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 31 December 2015.

The consolidated financial statements have been prepared using the historical cost convention, except that certain items including available for sale financial assets, derivative financial instruments and liabilities for cash-settled share based payment arrangements are measured at fair value.

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 judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The Group recognizes and measures liabilities for uncertain tax positions by applying the requirements of IAS 12 Income taxes. Therefore liabilities for uncertain tax positions are presented in current "Income tax payables" instead of "Provisions" as from 2015 onwards which is in line with the requirements of IAS 12. Comparative amounts for 2014 have been reclassified in order to enhance inter-period comparability of information presented.

2.2 | CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following new interpretation and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

> IFRIC 21 *Levies*

> *"Annual improvements (2011-2013 cycle)"*

The adoption of this interpretation and amendments to existing standards did not have any impact on the current period or any prior period and is not likely to affect future periods. As this interpretation and amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

2.3 | NEW STANDARDS AND AMENDMENTS TO STANDARDS NOT YET ADOPTED

Certain new standards and amendments to existing standards have been issued by the IASB but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group.

> IFRS 9 *Financial Instruments* (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2014 and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement

categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. It introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. The Group is yet to assess IFRS 9's full impact.

> IFRS 15 *Revenue from Contracts with Customers* (effective from 1 January 2018) provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity is expected to be entitled in exchange for those goods and services. Specifically, the standard introduces a 5-step approach to revenue recognition:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract;
5. Recognise revenue when (or as) the entity satisfies a performance obligation *i.e.* when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is performing a detailed review of the impact of this standard. At present, it is not practicable to provide a reasonable estimate of its effect.

> IFRS 16 *Leases* (effective from 1 January 2019) specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained in this case. The Group is yet to assess the full impact of this new standard.

There are no other standards or amendments to standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 | CONSOLIDATION

2.4.1 | 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 recognises 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 accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. 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.

2.4.2 | 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.

2.4.3 | 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.

2.4.4 | 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 2.10. 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.

2.4.5 | 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.

2.5 | 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.

2.6 | FOREIGN CURRENCY TRANSLATION

The following important exchange rates were used in preparing the consolidated financial statements:

	CLOSING RATE		AVERAGE RATE	
	2015	2014	**2015**	2014
USD	1.087	1.210	1.109	1.326
JPY	130.610	145.010	134.228	140.298
GBP	0.737	0.777	0.726	0.806
CHF	1.086	1.203	1.067	1.214

The closing rates represent spot rates as at 31 December 2015 and 31 December 2014.

2.6.1 | 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.

2.6.2 | 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, 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.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognized in other comprehensive income.

2.6.3 | 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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.

2.7 | REVENUE

Revenue is recognized when it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

Revenue represents the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group activities. Revenue is shown net of value added tax, returns, rebates, trade discounts, and cash discounts related to Medicaid and Medicare in the U.S. and similar programs in other countries.

2.7.1 | NET SALES

Revenue from the sale of goods is recognized when:

- the significant risks and rewards of the ownership of goods are transferred to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Estimates of expected sales returns, charge-backs granted to government agencies, wholesalers, managed care and other customers are deducted from revenue at the time the related revenue is recorded or when the incentives are offered.

Such estimates are calculated on the basis of historical experience and the specific terms in the individual agreements.

2.7.2 | ROYALTY INCOME

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.7.3 | OTHER REVENUE

Other revenue comprises revenue generated through out-licensing and profit-sharing agreements as well as contract manufacturing agreements. Other revenue is recognized as it is earned or as the related service is performed.

The Group receives from third parties upfront, milestone and other similar payments related to the sale or out-licensing of products. Revenue associated with performance milestones is recognized based upon the achievement of the milestone event if the event is substantive, objectively determinable and represents an important point in the development life cycle of the pharmaceutical product. Upfront payments and license fees for which there are subsequent deliverables are initially reported as deferred income and are recognized as revenue when earned over the period of the development collaboration or the manufacturing obligation.

2.7.4 | INTEREST INCOME

Interest is recognized on a time proportion basis that takes into account the effective yield on the asset.

2.7.5 | DIVIDEND INCOME

Dividends are recognized when the shareholder's right to receive the payment is established.

2.8 | 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".

2.9 | RESEARCH AND DEVELOPMENT

2.9.1 | 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 31 December 2015, no internal development expenditures have met the recognition criteria.

2.9.2 | 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 regulatory approval is obtained.

2.10 | 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.

2.11 | 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".

2.12 | 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 2.13.2 under Government grants.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income.

Current tax assets and tax liabilities are offset if there is a legally enforceable right to offset and intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, carried forward tax credits or carried forward losses can be utilized. Deferred income tax is not accounted for if it arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction (other than in a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

2.13 | 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.

2.13.1 | 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.

2.13.2 | 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 eg. licences, the R&D tax credit is recognized in profit and loss over the (remaining) useful life of the asset and reported as "Other operating income".

The part of the R&D tax credit that can not be deducted from the taxable income is accounted for as a deferred tax asset. The part of the R&D tax credit that can be deducted from taxable income is debited to the current income tax liability. 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.

2.14 | INTANGIBLE ASSETS

2.14.1 | 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.* when regulatory approval has been obtained). 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.

2.14.2 | 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.

2.15 | 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 balance sheet, 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.

2.16 | 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
> Asset held under finance lease	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 balance sheet.

2.17 | LEASES

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.17.1 | FINANCE LEASES

Assets held under finance leases are recognized as assets of the Group at the lower of their fair value and the present value of the minimum lease payments less cumulative depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the Group adopts for depreciable assets that are owned.

If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

2.17.2 | OPERATING LEASES

Lease payments under an operating lease are recognized in the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.18 | FINANCIAL ASSETS

2.18.1 | CLASSIFICATION

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition.

2.18.2 | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group financial market risk management policy. Derivative financial instruments are also categorized as held for trading unless they are designated as hedges.

2.18.3 | LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

2.18.4 | AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2.18.5 | RECOGNITION AND MEASUREMENT

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. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and the transaction costs are expensed in the income statement. 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. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method, less any impairment losses.

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.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognized in the income statement in the period in which they arise while gains or losses arising from changes in the fair value of available for sale financial assets are recognized directly in other comprehensive income except for translation differences related to changes in the amortised cost of monetary securities which are recognized in profit or loss. On disposal/impairment of available-for-sale financial assets, any cumulative gains or losses that have been deferred in equity are recycled to the income statement.

2.19 | IMPAIRMENT OF FINANCIAL ASSETS

2.19.1 | ASSETS CARRIED AT AMORTIZED COST

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows.

The Group first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.19.2 | ASSETS CLASSIFIED AS AVAILABLE FOR SALE

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to above. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.20 | 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 re-measured at their fair value.

The Group includes the credit and the non-performance 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 recognising 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 relationship between the hedging instrument and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, as to whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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.

Embedded derivative financial instruments 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.

2.20.1 | 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".

Amounts 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 equity are included in the initial measurement of the asset or liability. If the cash flow hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

A cash flow hedge relationship is discontinued prospectively if the hedge fails the effectiveness test, the hedging instrument is sold, terminated or exercised, management revokes the designation or the forecasted transactions is no longer highly probable. Where a forecasted transaction is no longer highly probable but still expected to occur, hedging gains and losses previously deferred in equity remain in equity until the transaction affects profit or loss.

Once the forecasted transaction is no longer expected to occur, any gain or loss is released immediately to the income statement.

2.20.2 | 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.

2.20.3 | 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 other comprehensive income; 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.

2.20.4 | DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative financial instruments 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".

2.21 | INVENTORIES

Raw materials, consumables, goods purchased for resale, work in progress and finished goods are valued at the lower of cost and net realisable 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 realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.22 | 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 impairment.

2.23 | 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 balance sheet.

2.24 | 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.

Intercompany transactions between continuing and discontinued operations are eliminated against continuing operations.

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.

2.25 | SHARE CAPITAL

2.25.1 | 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.

2.25.2 | 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.

2.25.3 | HYBRID CAPITAL

The perpetual subordinated bonds issued by the Company in 2011 meet the conditions of an equity instrument as defined under IAS 32 Financial Instruments: Presentation and therefore, these instruments are accounted for as "Hybrid capital" which is part of the equity of the Group.

The interests on these bonds are reflected as a "dividend" to shareholders in the statement of changes in equity.

2.26 | 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 balance sheet date.

2.27 | COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Group comprise convertible bonds that can be converted into ordinary shares at the option of the Issuer. The number of shares to be issued does not vary with changes in their fair value. In the past, due to the existence of the option by the Issuer to redeem in cash, such convertible bonds were separated into a debt and a derivative component.

Upon initial recognition of the bond, the fair value of the debt component was determined based on the present value of the contractually determined stream of cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option.

Subsequent to initial recognition, the debt component is measured based on its amortized cost, using the effective interest method.

The remainder of the proceeds was allocated to the conversion option and recognized within "other derivatives". Subsequent to initial recognition, the derivative component was measured at fair value, with all gains and losses upon re-measurement being recognized in the income statement.

As a result of the Board's decision in 2010 to revoke UCB's rights related to the cash settlement option, the derivative component was reclassified to equity based on its fair value at the date of revocation. The equity component was reclassified to share premium upon the conversion of the remaining convertible bonds in 2014.

Transaction costs that are directly attributable to the bond offering and incremental, are included in the calculation of the amortized cost, using the effective interest method, and are amortized through the income statement over the life of the instrument.

2.28 | TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

2.29 | EMPLOYEE BENEFITS

2.29.1 | 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 balance sheet 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 balance sheet 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.

2.29.2 | 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.

2.29.3 | 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 recognises 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 balance sheet date are discounted to present value.

2.29.4 | 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.

2.29.5 | 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 recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

2.29.6 | 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 balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises 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 balance sheet date and at settlement date.

Any changes in the fair value of the liability are recognized as personnel expenses in the income statement.

2.30 | PROVISIONS

Provisions are recognized in the balance sheet 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 balance sheet 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.

3. 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.

3.1 | CRITICAL JUDGEMENTS IN APPLYING THE GROUP ACCOUNTING POLICIES

REVENUE RECOGNITION

The nature of the Group business is such that many sales transactions do not have a simple structure.

Sales agreements may consist of multiple arrangements occurring at the same or at different times. The Group is also party to out-licensing agreements, which can involve upfront and milestone payments that may occur over several years and involve certain future obligations. Revenue is only recognized when the significant risks and rewards of ownership have been transferred and when the Group does not retain continuing managerial involvement or effective control over the goods sold or when the obligations are fulfilled. This might result in cash receipts being initially recognized as deferred income and then released to income 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.

3.2 | 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.

3.2.1 | 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 balance sheet 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 balance sheet in the appropriate accrual account and deducted from sales.

3.2.2 | INTANGIBLE ASSETS AND GOODWILL

The Group has intangible assets with a carrying amount of € 1 055 million (Note 17) and goodwill with a carrying amount of € 5 164 million (Note 18). 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 regulatory approval has been obtained).

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	3.0%
> discount rate in respect of goodwill and Intangibles related to marketed products	8.92%
> discount rate in respect of Intangibles related to pipeline products	13.0%

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.

3.2.3 | ENVIRONMENTAL PROVISIONS

The Group has provisions for environmental remediation costs, which are disclosed in Note 31. 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 balance sheet in the future.

3.2.4 | EMPLOYEE BENEFITS

The Group currently has many defined benefit plans, which are disclosed in Note 30. 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 balance sheet in future periods.

3.2.5 | TAX POSITIONS

The Group operates in multiple jurisdictions with often complex legal and tax regulatory environments. 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 accepted 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 assesses these positions individually with no offset or aggregation between positions and this on a regular basis using all the information available (legislation, case law, regulations and established practice). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities based on all relevant information. The liability is calculated by the Group as the single best estimate of the current tax it expects to pay using the Group's best judgement of the most likely outcome of such examinations. These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include penalties and late payment interests arising from tax disputes.

The Group has recognised net deferred tax assets of € 795 million (Note 29). 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, the availability of the losses to offset against forecast taxable profits is also considered.

Significant items on which management has exercised judgement include recognition on the balance sheet of deferred tax assets relating to losses in jurisdictions where losses have been made in prior periods but

where profits now arise and 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 judgement on the length of the future time period to use in such assessments. These judgments are made on a case by case basis but this time period generally 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 jurisdictions that are currently still lossmaking.

Significant items on which the Group has exercised accounting estimation and judgement include also tax liabilities related to audits arising in Spain, US, Germany and Italy. The Group engages constructively with the tax authorities and relevant government representatives. Where appropriate, we engage advisors and legal counsel to obtain opinions on tax legislation and principles.

4. Financial risk management

The Group is exposed to various financial risks arising from its underlying operations and corporate finance activities.

These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

This note presents information about the Group exposure to the above-mentioned risks, the Group policies and processes for managing these risks and Group management of capital. Risk management is carried out by the Group Treasury department under policies approved by the Financial Risk Management Committee (FRMC).

The FRMC has been established and includes the Chief Financial Officer, Chief Accounting Officer and the heads of the Financial Control department, Internal Audit department, Tax department and Treasury and Risk department. The FRMC is responsible for:

- reviewing the results of UCB risk assessment;
- approval of the recommended risk management strategies;
- monitoring compliance with the financial market risk management policy;
- approval of policy changes; and
- reporting to the Audit Committee.

The Group financial risk management policies established by the FRMC need to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed by the FRMC on a semi-annual basis to reflect changes in market conditions and the Group's activities.

4.1 | 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 holdings of financial instruments. 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 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.

4.1.1 | 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 assets and 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 transaction exposure are primarily denominated in U.S. dollar, GB 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 a period of minimum 6 and maximum 26 months of anticipated cash flows primarily derived from sales, royalties or out-licensing revenues provided that no natural hedges exist.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The effect of translation 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 is shown as a cumulative translation adjustment in the Group consolidated statement of changes in equity.

4.1.2 | EFFECT OF CURRENCY FLUCTUATIONS

At 31 December 2015, 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:

€ million	CHANGE IN RATE. STRENGHTENING/ WEAKENING (-) EUR	IMPACT ON EQUITY: LOSS (-)/GAIN	IMPACT ON INCOME STATEMENT: LOSS (-)/GAIN
At 31 December 2015			
USD	**+10%**	**-146**	**-11**
	-10%	180	12
GBP	**+10%**	**-56**	**3**
	-10%	68	-4
CHF	**+10%**	**-55**	**-1**
	-10%	68	2

€ million	CHANGE IN RATE. STRENGHTENING/ WEAKENING (-) EUR	IMPACT ON EQUITY: LOSS (-)/GAIN	IMPACT ON INCOME STATEMENT: LOSS (-)/GAIN
At 31 December 2014			
USD	**+10%**	**-121**	**0**
	-10%	132	9
GBP	**+10%**	**-27**	**0**
	-10%	33	1
CHF	**+10%**	**-49**	**-2**
	-10%	60	2

It is Group policy and practice not to enter into derivative transactions for speculative purposes.

4.1.3 | 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 26 and 27. The Group uses interest rate derivatives to manage its interest rate risk, as described in Note 36.

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 2015, 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 IAS 39.

4.1.4 | EFFECT OF INTEREST RATE FLUCTUATIONS

A 100 basis points increase in interest rates at balance sheet date would have increased equity by € 5 million (2014: € 7 million); a 100 basis points decrease in interest rates would have decreased equity by € 5 million (2014: € 7 million).

A 100 basis points increase in interest rates at balance sheet date would have increased profit and loss by € 0 million (2014: € 0 million); a 100 basis points decrease in interest rates would have decreased profit and loss by € 0 million (2014: € 0 million).

4.1.5 | 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 are held for mainly 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 2014, during 2015 the Group traded on treasury shares as well as American style call options providing the right to purchase shares of UCB SA, both of which were accounted for through equity.

4.2 | 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 22). For some credit exposures in critical countries, such as certain Southern European countries, the Group has obtained credit insurance.

In the U.S. and China (since 2014), 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.

4.3 | 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 realisable 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 balance sheet date, the Group had the following sources of liquidity available:

- cash and cash equivalents (Note 23) € 1 285 million (2014: € 507 million)
- marketable non-equity securities (Note 20) € 3 million (2014: € 2 million)
- unutilized credit facilities and undrawn available amount under finance contract (Note 26) € 235 million (2014: € 0 million)
- unutilized revolving credit facilities (Note 26) € 1 billion (2014: € 1 billion); the existing € 1 billion syndicated committed revolving credit facility of the Group, maturing in 2021 was undrawn per end 2015.

The table below analyses the contractual maturities of the Group financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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.

€ million	NOTE	TOTAL	CONTRACTUAL CASH FLOW	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2015							
Bank Borrowings and other long term loans	26	437	437	95	0	250	92
Debentures and other short term loans	26	12	12	12	0	0	0
Finance lease liabilities	26	9	9	2	1	5	1
Retail bond maturing in 2023	27	189	248	9	9	27	203
Institutional Eurobond maturing in 2022	27	346	396	7	7	20	362
Institutional Eurobond maturing in 2021	27	369	436	14	14	43	365
Retail bond maturing in 2020	27	257	297	9	9	279	0
EMTN notes maturing in 2019	27	75	85	3	3	79	0
Institutional Eurobond maturing in 2016	27	506	529	529	0	0	0
Trade and other liabilities	32	1 794	1 794	1 688	40	61	5
Bank overdrafts	26	8	8	8	0	0	0
Interest rate swaps		47	47	3	6	25	12
Forward exchange contracts used for hedging purposes							
Outflow		2 688	2 688	2 654	34	0	0
Inflow		2 632	2 632	2 599	33	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit or loss							
Outflow		2 512	2 512	2 512	0	0	0
Inflow		2 505	2 505	2 505	0	0	0

€ million	NOTE	TOTAL	CONTRACTUAL CASH FLOW	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2014							
Bank Borrowings and other long term loans	26	527	527	195	0	200	132
Debentures and other short term loans	26	175	175	175	0	0	0
Finance lease liabilities	26	12	12	3	9	0	0
Retail bond maturing in 2023	27	190	257	9	9	27	212
Institutional Eurobond maturing in 2021	27	369	454	18	14	43	379
Retail bond maturing in 2020	27	257	306	9	9	28	260
EMTN notes maturing in 2019	27	75	88	3	3	82	0
Institutional Eurobond maturing in 2016	27	515	557	29	528	0	0
Trade and other liabilities	32	1 534	1 534	1 386	9	134	5
Bank overdrafts	26	0	0	0	0	0	0
Interest rate swaps		56	56	6	6	22	22
Forward exchange contracts used for hedging purposes							
Outflow		2 958	2 958	2 763	195	0	0
Inflow		2 918	2 918	2 728	190	0	0
Forward exchange contracts and other derivative financial instruments at fair value through profit or loss							
Outflow		1 604	1 604	1 604	0	0	0
Inflow		1 582	1 582	1 582	0	0	0

4.4 | 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	2015	2014
Total borrowings (Note 26)	466	714
Bonds (Note 27)	1 742	1 406
Less: cash and cash equivalents (Note 23), available for sale debt securities (Note 20) and cash collateral related to the financial lease obligation	-1 288	-509
Net debt	921	1 611
Total equity	5 546	4 842
Total financial capital	6 467	6 453
Gearing ratio	**14%**	**25%**

4.5 | FAIR VALUE ESTIMATION

The fair value of financial instruments traded in active markets (such as available for sale financial assets) is based on quoted market prices at the balance sheet 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 balance sheet 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 balance sheet 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.

4.5.1 | 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.

4.5.2 | FINANCIAL ASSETS MEASURED AT FAIR VALUE

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2015				
Financial assets				
Available for sale assets (Note 20)				
Quoted equity securities	64	0	0	64
Quoted debt securities	3	0	0	3
Derivative financial assets (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	10	0	10
Forward exchange contracts – fair value through profit and loss	0	19	0	19
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	55	0	55
Other financial assets excluding derivatives (Note 20)				
Warrants	0	29	0	29

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2014				
Financial assets				
Available for sale assets (Note 20)				
Quoted equity securities	38	0	0	38
Quoted debt securities	2	0	0	2
Derivative financial assets (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	13	0	13
Forward exchange contracts – fair value through profit and loss	0	22	0	22
Interest rate derivatives – cash flow hedges	0	0	0	0
Interest rate derivatives – fair value through profit and loss	0	55	0	55

4.5.3 | FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2015				
Financial liabilities				
Derivative financial liabilities (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	25	0	25
Forward exchange contracts – fair value through profit and loss	0	51	0	51
Interest rate derivatives – cash flow hedges	0	3	0	3
Interest rate derivatives – fair value through profit and loss	0	7	0	7
Other financial liabilities excluding derivatives (Note 28)				
Warrants	0	0	162	162

€ million	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2014				
Financial liabilities				
Derivative financial liabilities (Note 36)				
Forward foreign exchange contracts – cash flow hedges	0	40	0	40
Forward exchange contracts – fair value through profit and loss	0	36	0	36
Interest rate derivatives – cash flow hedges	0	3	0	3
Interest rate derivatives – fair value through profit and loss	0	7	0	7
Other financial liabilities excluding derivatives (Note 28)				
Warrants	0	0	183	183

During the reporting period ending 31 December 2015, 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 received pursuant to the sale of Kremers Urban Pharmaceuticals Inc. ("KU") (Note 6) is determined using a "Black-Scholes" Model. The warrants were valued at € 28 million at the date of the disposal and at € 29 million as per 31 December 2015.

The fair value of the Warrants issued by a subsidiary is determined using a discounted net present value model of the probabilized cash outflows. There has not been any change in valuation technique compared to last year. The valuation is prepared by the Finance Team on a monthly basis and reviewed by the Executive Committee.

The value of the warrants is based on the profitability of the subsidiary and the key assumptions used in the valuation model include unobservable inputs for forecasted net sales, milestone events and discount rate. The discount rate used amounts to 8.2%. An increase/decrease in net sales of 10% would lead to an increase/decrease of the fair value of the warrants with 1%. A decrease/increase in the discount rate with 1% would lead to an increase/decrease of the fair value of the warrants with 2%. The change in fair value, recognized in profit and loss, amounts to € 19 million and is accounted for in other financial expenses (Note 14).

The following table presents the changes in Level 3 instruments:

€ million	WARRANTS	TOTAL
1 January 2014	**123**	**123**
Cash purchase of additional warrants	20	20
Cash settlement of warrants	-14	-14
Effect of changes in fair value recognized in profit and loss	33	33
Effect of movements in exchange rates	21	21
31 December 2014	**183**	**183**
Cash purchase of additional warrants	0	0
Cash settlement of warrants	-60	-60
Effect of changes in fair value recognized in profit and loss	19	19
Effect of movements in exchange rates	20	20
31 December 2015	**162**	**162**

4.6 | 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 table below shows financial assets subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2015				
Derivatives	84	49	0	35
Other	0	0	0	0
Total	**84**	**49**	**0**	**35**

The table below shows financial liabilities subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2015				
Derivatives	86	49	0	37
Other	0	0	0	0
Total	**86**	**49**	**0**	**37**

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 31 December 2015.

The table below shows financial assets subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2014				
Derivatives	90	40	0	50
Other	0	0	0	0
Total	**90**	**40**	**0**	**50**

The table below shows financial liabilities subject to enforceable master netting arrangements:

€ million	GROSS FINANCIAL LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNTS
		FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED	
31 December 2014				
Derivatives	86	40	0	46
Other	0	0	0	0
Total	**86**	**40**	**0**	**46**

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, 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.

5.1 | PRODUCT SALES INFORMATION

Net sales consist of the following:

€ million	2015	2014
Cimzia®	1 083	797
Keppra® (including Keppra® XR)	737	665
Vimpat®	679	471
Neupro®	258	200
Zyrtec® (including Zyrtec-D®/Cirrus®)	147	163
Xyzal®	117	96
venlaflaxine XR	90	58
Nootropil®	52	55
Other products	431	426
Designated hedges reclassified to net sales	-82	7
Total net sales	**3 512**	**2 938**

5.2 | GEOGRAPHIC INFORMATION

The table below shows sales in each geographic market in which customers are located:

€ million	2015	2014
U.S.	1 694	1 124
Japan	207	197
Emerging markets	192	205
China	143	121
Germany	247	229
Italy	154	153
Spain	152	137
France	150	154
U.K. and Ireland	135	125
Belgium	35	32
Other countries	485	454
Designated hedges reclassified to net sales	-82	7
Total net sales	**3 512**	**2 938**

Emerging markets include sales of Brazil, Russia, India, Mexico and Turkey

The table below illustrates the property, plant and equipment in each geographic market in which the assets are located:

€ million	2015	2014
Switzerland	302	289
Belgium	223	238
U.K. and Ireland	50	84
North America	28	28
Germany	19	20
China	15	14
Japan	10	9
Emerging markets	2	3
Other countries	2	1
Total	**651**	**686**

Emerging markets include Brazil, Russia, India, Mexico and Turkey

5.3 | INFORMATION ABOUT MAJOR CUSTOMERS

UCB has 1 customer which individually accounts for more than 18% of the total net sales at the end of 2015.

In the U.S., sales to 3 wholesalers accounted for approximately 81% of U.S. sales (2014: 87%).

6. Discontinued operations and assets of disposal group classified as held for sale

6.1 | DISCONTINUED OPERATIONS

In November 2014, UCB's Board of Directors unanimously approved the plan to dispose of the Group's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc. ("KU"), to further enhance the Group's long term focus on its core business in neurology and immunology. In the 2014 financial statements, the profit resulting from the activities of KU was presented as "Profit from discontinued operations". The assets and liabilities of KU were presented as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale" respectively.

On 2 September 2015, UCB concluded an agreement with Lannett Company, Inc. ("Lannett") for the sale of KU. The sale was closed on 25 November 2015.

No impairment losses have been recognized in respect to KU, neither in the 2014 financial statements nor in the 2015 financial statements.

The profit from discontinued operations for this and previous year includes the activities of KU for the period till 25 November 2015 (detailed below). For 2015, the profit from discontinued operations also includes the gain on the sale of KU (detailed below). For 2014, the profit from discontinued operations also includes the partial reversal of provisions related to the legacy films and chemical activities for € 1 million, including terminations of environmental claims for sites for which UCB retained liability and which were settled in 2014.

The cash flows from discontinued operations have been separately disclosed on the cash flow statement.

Profit for current and previous year from discontinued operations related to KU:

€ million	2015	2014
Net sales	249	313
Royalty income and fees	1	1
Other revenue	20	20
Revenue	**270**	**334**
Cost of sales	-162	-160
Gross profit	**108**	**174**
Marketing and selling expenses	-10	-9
Research and development expenses	-26	-15
General and administrative expenses	-5	-3
Other operating income/expenses (-)	-2	-5
Operating profit before impairment, restructuring and other income and expenses	**65**	**142**
Impairment of non-financial assets	0	0
Restructuring expenses	-9	-10
Other income/expenses (-)	0	-6
Operating profit	56	126
Financial income	0	0
Financial expenses	0	0
Profit/loss (-) before income taxes	56	126
Income tax expense (-)/credit	-19	-33
Profit/loss (-) after income tax of discontinued operations	**37**	**93**
Gain on sale of KU after income tax (detailed below)	**322**	**–**
Profit from discontinued operations (attributable to UCB shareholders)	**359**	**93**

Details on the sale of KU:

€ million	2015
Consideration received/to be received:	
Cash	895
Notes	189
Warrant	28
Fair value of contingent consideration	0
Other adjustments	38
Total disposal consideration	**1 150**
Carrying amount of net assets sold	-470
Transaction costs and provisions for litigations	-57
Gain on sale before income tax and reclassification of foreign currency translation reserve	**623**
Reclassification of foreign currency translation reserve	-29
Income tax expense (-)/gain	-272
Gain on sale after income tax	**322**

UCB has received a total consideration of € 1.1 billion ($ 1.2 billion). UCB is entitled to an additional cash consideration if the FDA (Food and Drug Administration) assigns an AB rating to the Methylphenidate Product or any Reformulated Methylphenidate Product before September 30, 2020. The fair value of this additional contingent consideration has been assessed at nil on the date of the closing of the sale of KU and as per 31 December 2015.

The consideration received for the sale of KU also includes senior unsecured notes due December 15, 2023 for an aggregate principal amount of € 189 million ($ 200 million) and interest of 12% as well as a warrant to purchase 2,5 million common stock shares of Lannett Company Inc.

The senior notes are classified as "loans and receivables" under non-current financial assets. The interests on these notes (=12%) are accounted for as financial income.

The warrant is recognized as a non-current financial asset (derivative). The warrant has an exercise price of $ 48.90/share and can be exercised during a period of 3 years. In case the warrant would be exercised, the shares would represent about 7% of issued and outstanding Lannett shares. The fair value of the warrant at transaction date was determined based on the Black Scholes model and was determined at € 28 million ($ 30 million). The fair value as per 31 December 2015 was reassessed based on the Black Scholes model and estimated at € 29 million ($ 32 million). The change in fair value of the warrant after transaction date is accounted for as financial income (see note 14).

The carrying amounts of assets and liabilities as at the date of sale (25 November 2015) were:

€ million	25 NOVEMBER 2015
Intangible assets	54
Goodwill	160
Property, plant and equipment	88
Inventories	60
Trade and other receivables	146
Cash	15
Total assets	**523**
Trade and other liabilities	53
Total liabilities	**53**
Net assets	**470**

6.2 | ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As per 31 December 2015, the assets of UCB Manufacturing Ireland Ltd. are classified as held for sale as UCB decided to divest its manufacturing plant in Shannon as the plant does not fit anymore with UCB's future needs and strategy. As per year-end negotiations were ongoing with the buyer and based on these negotiations it was decided to account for an impairment loss of € 34 million on non-current assets (Note 11) and € 2 million on spare parts inventory in order to reduce the carrying amount of these assets to nil. Product stock to be sold amounts to € 7 million.

The assets of disposal group classified as held for sale as per 31 December 2015 also include the intangible assets and inventory related to the nitrates business for Europe, Turkey, South Korea and Mexico for total amount of € 71 million. In September 2015 UCB's Board of Directors decided to divest this business and negotiations with the buyer were ongoing as per 31 December 2015. No impairment losses have been recognized with respect to these assets. See also note 41 for more information.

The assets and liabilities of disposal group classified as held for sale as per 31 December 2014 include the assets and liabilities of KU. No impairment was recognized as the selling price was higher than the carrying amount.

Detail of assets and liabilities of disposal group classified as held for sale as per 31 December 2015 and 2014:

€ million	2015	2014
Intangible assets	67	47
Goodwill	-	147
Property, plant and equipment	0	77
Other	-	31
Inventories	11	50
Trade and other receivables	-	304
Cash	-	0
Assets classified as held for sale	**78**	**656**
Provisions	-	6
Other	-	23
Trade and other liabilities	-	171
Liabilities associated with assets classified as held for sale	**-**	**200**
Net assets classified as held for sale	**78**	**456**

7. Other revenues

€ million	2015	2014
Revenue generated by means of profit-sharing agreements	21	27
Upfront payments, milestone payments and reimbursements	123	173
Contract manufacturing revenues	44	43
Total other revenue	**188**	**243**

The revenue generated through profit-sharing agreements relates primarily to the following items:

- revenue from the co-promotion of Provas™, Jalra® and Icandra® in Germany with Novartis. Jalra/Icandra have been withdrawn from the market. However, UCB still had a revenue stream during 2015 for the products that were still in the distribution channel;
- revenue from the co-promotion of Xyzal® in the U.S. with Sanofi.

During 2015, UCB received milestone payments and reimbursements from different parties, mainly:

- co-development funding for the development of selected UCB compounds from the European Investment Bank (EIB);
- Sanofi for collaboration and development of innovative anti-inflammatory small molecules;
- Otsuka for co-development of E Keppra® in Japan;
- Astellas for the joint development and commercialization of Cimzia® in Japan;
- Daiichi Sankyo for Vimpat® in Japan;
- Biogen for multiple sclerosis and hemophilia therapies in Asia.

The revenue from contract manufacturing activities is mainly linked to the toll manufacturing agreements entered into with GSK in 2009.

8. 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	2015	2014
Employee benefit expenses	9	1 129	1061
Depreciation of property, plant and equipment	19	76	52
Amortization of intangible assets	17	176	168
Impairment of non-financial assets (net)	11	88	30
Total		**1 469**	**1 311**

9. Employee benefit expense

€ million	NOTE	2015	2014
Wages and salaries		680	695
Social security costs		119	98
Post-employment benefits – defined benefit plans	30	53	50
Post-employment benefits – defined contribution plans		25	22
Share-based payments to employees and directors	25	83	56
Insurance		43	43
Other employee benefits		126	97
Total employee benefit expense		**1 129**	**1 061**

The total employee benefit expense has been allocated along functional lines within the income statement, except in the case of expenses related to Kremers Urban, which are included in the profit from discontinued operations. Other employee benefits consist mainly of termination benefits, severance payments, and other long-term/short-term disability benefits.

Headcount at 31 December	2015	2014
Hourly Paid	417	729
Monthly Paid	3 170	3 576
Management	4 201	4 379
Total	**7 788**	**8 684**

Further information regarding post-employment benefits and share-based payments can be found in Notes 25 and 30.

10. Other operating income/expenses

Total other operating income/expenses (-) amounted to € -9 million (2014: € -4 million) and consists mainly of the amortization of non-production related intangible assets of € -1 million (2014: € -1 million); the changes of provisions of € -3 million (2014: € 5 million); the impairment in respect of trade receivables of € -1 million (2014: € -2 million); the reimbursement by third parties for development expenses incurred by the Group of € 2 million (2014: € 3 million); grants received of € 20 million (2014: € 4 million), other expenses related to Branded Prescription Drug fee in the U.S. of € -26 million (2014: € -13 million).

11. Impairment of non-financial assets

A review of the recoverable amounts of the Group's assets resulted in the recognition of impairment charges amounting to € 88 million (2014: € 30 million).

An impairment charge of € 30 million related the intangible asset epratuzumab was recognized and € 23 million on the trademarks, patents and licences related to other intangible assets that did not meet the yearly impairment testing (2014: € 39 million, mainly related to the intangible asset *tozadenant*).

The impairment charge for Group property, plant and equipment amounted to € 35 million in 2015 mainly related to the write down of plant & machinery at its manufacturing facility in Ireland (2014: writeback of € 9 million related to the bioplant in Bulle, Switzerland) (Note 6).

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.

12. Restructuring expenses

The restructuring expenses for the year ended 31 December 2015 amount to € 27 million (2014: € 63 million) and are related to reorganization and optimization. In 2014, the restructuring expenses were mainly related to reorganization in the R&D function.

13. Other income/expenses

Total other income/expense amounted to an income of € 60 million (2014: expense of € 13 million) and comprised of the following items:

> other income for € 139 million in 2015 compared to € 28 million in 2014 and mainly related to:

- disposal of the established brands in India, including its franchises in the areas of allergies and respiratory disorders;
- disposal of market rights relating the primary care market.

> other expenses amounted to € 79 million (2014: € 41 million) in 2015 and mainly relate to:

- A provision of € 50 million regarding Distilbène in France (Note 31);
- legal fees related to intellectual property.

14. Financial income and financial expenses

The net financial expenses for the year amounted to € 96 million (2014: € 162 million). The breakdown of the financial expenses and financial income is as follows:

FINANCING EXPENSES

€ million	2015	2014
Interest expenses on:		
Convertible bond	0	-5
Retail bonds	-18	-48
Institutional Eurobonds	-51	-46
Other borrowings	-16	-45
Interest expenses related to interest rate derivatives	0	0
Financial charges on finance leases	-1	-1
Impairment of equity securities	0	-13
Impairment of long term loans	0	0
Net fair value losses on foreign exchange derivatives	-19	-11
Net foreign exchange losses	0	-2
Net other financial income/expenses (-)	-25	-44
Total financial expenses	**-130**	**-215**

FINANCIAL INCOME

€ million	2015	2014
Interest income on:		
Bank deposits	0	43
Interest rate derivatives	6	7
Net gain on interest rate derivatives	6	3
Net fair value gain on foreign exchange derivatives	0	0
Net foreign exchange gains	22	0
Total financial income	**34**	**53**

The net other financial income/expenses include € 19 million expenses related to the changes in fair value of the warrants (Note 4.5.3) linked to the structured entity Edev S.à.r.l. (€ -33 million in 2014)

The increase in fair value of the warrant received pursuant to the sale of KU for an amount of € 1 million (Note 4.5, Note 6) is compensated by a loss on the sale of equity securities for an amount of € 1 million.

The impairment of equity securities in 2014 is mainly related to the investment in Biotie (Note 20.3).

15. Income tax expense (-)/credit

€ million	2015	2014
Current income taxes	-135	-204
Deferred income taxes	24	198
Total income tax expense (-)/credit	**-111**	**-6**

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	2015	2014
Profit before income taxes	426	111
Income tax expense (-) calculated at domestic tax rates applicable in the respective countries	**-106**	**-13**
Theoretical income tax rate	25%	13%
Reported current income tax	-135	-204
Reported deferred income tax	24	198
Total reported tax charge	**-111**	**-6**
Effective income tax rate	25.9%	5.6%
Difference between theoretical and reported tax	**-6**	**7**
Expenses non-deductible for tax purposes	-69	-92
Non-taxable income	52	9
Decrease in liabilities for uncertain tax positions	47	10
Effect of previously unrecognized tax credits and losses used in the period	7	20
Tax credits	32	24
Variation in tax rates due to intercompany transfer of assets	-25	0
Variation in tax rates	-4	-13
Effect of reversal of previously recognised DTA on tax losses	-61	0
Current tax adjustments related to prior years	48	19
Deferred tax adjustments related to prior years	-57	8
Net effect of previously unrecognised DTA and non-recognition of current year DTAs	37	34
Withholding tax	-8	-3
Other taxes	-5	-9
Total difference between theoretical and reported income tax	**-6**	**7**

The theoretical income tax rate has increased from the prior year due to a larger proportion of profits arising in high tax jurisdictions in the current year.

The increase in non taxable income from the previous year relates mainly to the impact of the increase of non taxable R&D tax credits

The decrease in liabilities for uncertain tax positions was due to the impact of the expiry of statute of limitations. The Group also proactively disclosed uncertain tax positions to the tax authorities without triggering the application of any correction or penalties. This resulted in the release of the liabilities.

In the year there was an internal reorganisation which resulted in the derecognition of tax losses with tax effect of € 61 million as well as an increase in deferred tax liabilities of € 25 million due to a temporary difference being accounted for at a higher tax rate

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 unrecognised losses that in future can be brought onto the balance sheet and the outcome of future tax audits.

Changes to tax legislation in jurisdictions where the Group operates as well as the impact of international tax rules such as the OECD's recommendations of Base Erosion & Profit Shifting could also have a major impact, not only in terms of corporation tax rates but also in respect of the availability of Research and Development tax credits, reduced tax rates for patent income and the carrying value of deferred tax assets.

Corporate restructuring, acquisitions and disposals as well as future planning may also impact the Group's future tax charge.

16. Components of other comprehensive income

€ million	1 JANUARY 2014	MOVEMENTS 2014 NET OF TAX	31 DECEMBER 2014	MOVEMENTS 2015 NET OF TAX	31 DECEMBER 2015
Items of OCI to be reclassified to profit or loss in subsequent periods:	**-399**	**245**	**-154**	**362**	**208**
Cumulative translation adjustments	-415	277	-138	320	182
Available for sale financial assets	-6	18	12	30	42
Cash flow hedges	22	-50	-28	12	-16
Items of OCI not to be reclassified to profit or loss in subsequent periods:	**-178**	**-116**	**-294**	**30**	**-264**
Remeasurement of defined benefit obligation	-178	-116	-294	30	-264
Total other comprehensive income attributed to equity holders	**-577**	**129**	**-448**	**392**	**-56**

17. Intangible assets

2015 € million	TRADEMARKS, PATENTS AND LICENCES	OTHER	TOTAL
Gross carrying amount at 1 January	**2 535**	**301**	**2 836**
Additions	8	64	72
Disposals	-31	-1	-32
Transfer from one heading to another	-88	20	-68
Transfer to assets held for sale	-136	0	-136
Effect of movements in exchange rates	109	3	112
Gross carrying amount at 31 December	**2 397**	**387**	**2 784**
Accumulated amortization and impairment losses at 1 January	**-1 459**	**-158**	**-1 617**
Amortization charge for the year	-142	-34	-176
Disposals	32	1	33
Impairment losses recognized in the income statement	-23	-30	-53
Transfer from one heading to another	123	-36	87
Transfer to assets held for sale	69	0	69
Effect of movements in exchange rates	-68	-4	-72
Accumulated amortization and impairment losses at 31 December	**-1 468**	**-261**	**-1 729**
Net carrying amount at 31 December	**929**	**126**	**1 055**

2014 € million	TRADEMARKS, PATENTS AND LICENCES	OTHER	TOTAL
Gross carrying amount at 1 January	**2 513**	**225**	**2 738**
Additions	22	59	81
Disposals	-19	0	-19
Transfer from one heading to another	0	20	20
Transfer to assets held for sale	-115	-5	-120
Effect of movements in exchange rates	134	2	136
Gross carrying amount at 31 December	**2 535**	**301**	**2 836**
Accumulated amortization and impairment losses at 1 January	**-1 289**	**-137**	**-1 426**
Amortization charge for the year	-141	-27	-168
Disposals	19	2	21
Impairment losses recognized in the income statement	-38	0	-38
Transfer from one heading to another	-2	2	0
Transfer to assets held for sale	70	3	73
Effect of movements in exchange rates	-78	-1	-79
Accumulated amortization and impairment losses at 31 December	**-1 459**	**-158**	**-1 617**
Net carrying amount at 31 December	**1 076**	**142**	**1 219**

The Group amortises 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 2015, the Group acquired intangible assets totalling € 72 million (2014: € 81 million). These additions related to in-licencing deals, software and capitalized eligible software development costs and include the first two milestones paid by UCB for an amount of € 13 million to Dermira relating to the Phase 3 clinical program that was designed to evaluate the efficacy and safety of CIMZIA® in adult patients with moderate-to-severe chronic plaque psoriasis. The achievement of the milestones was an important step forward in the collaboration between Dermira and UCB in the development of solutions for patients with this autoimmune disease. CIMZIA® is currently not approved yet for the treatment of psoriasis by any regulatory authority worldwide.

During the year, the Group recognized total impairment charges of € 53 million (2014: € 38 million) mainly related to *epratuzumab*. The impairment charges are detailed in Note 11 and have been presented in the income statement under the caption "impairment of non-financial assets".

Other intangible assets is primarily comprised of in process development projects. These assets are not amortized until they are available for use (*i.e.* when regulatory approval has been obtained) and transferred to the licences caption. Other intangible assets also includes software and other intangibles.

18. Goodwill

€ million	2015	2014
Cost at 1 January	**4 882**	**4 694**
Acquisition	0	0
Transfer to assets held for sale	0	-147
Effect of movements in exchange rates	282	335
Net book value at 31 December	**5 164**	**4 882**

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 2014.

KEY ASSUMPTIONS

The calculations performed are based on the cash flow projections as derived from the financials underlying the strategic plan approved by management, covering a period of 10 years. 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.

There were no significant changes to these key assumptions when comparing to 2014.

Cash flows beyond the projected forecasted period (terminal value) are extrapolated using an estimated growth rate of 3% (2014: 3%). The growth rate does not exceed the long-term average growth rate for the relevant territories in which the CGU operates.

The Group has most of its revenue and expenses in EUR and USD based countries. The following important exchange rates were used in preparing the future cash flows:

	10 YEARS PROJECTION	2014
USD	1.09 - 1.26	1.355
GBP	0.73 - 0.78	0.830
JPY	130	137
CHF	1.05 - 1.01	1.20

Starting from risk free short term LIBOR EUR 6 months and long term EU generic government bonds 10 years, the discount rates applied are determined based on the weighted average cost of capital for DCF models, including the 10 year benchmark cost of debt and equity, adjusted to reflect the specific asset and country risks associated with the CGU. Given the industry, the Group used a discount rate for marketed products of 8.92% (2014: 8.20%) and for pipeline products 13.0% (2014: 13.0%). Marketed products are products that are sold in the market as per year-end. These comprise our products Cimzia, Vimpat, Neupro,Keppra and other products (Zyrtec, Xyzal and others). Pipeline products are products that are not sold yet in the market as per year-end (eg. brivaracetam, romosozumab). A different discount rate is used for pipeline products as the risks related to these products are higher than for the products that are already in the market. The discount rates are reviewed at least annually.

Since after-tax cash flows are incorporated into the calculation of the value-in-use of the CGU, a post-tax discount rate is used in order to remain consistent. The use of the post-tax discount rate approximates the result of using a pre-tax rate applied to pre-tax cash flows. A tax rate of 28% was used (2014: 28%).

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 12.6% would not result in an impairment of the goodwill.

ASSETS HELD FOR SALE

The transfer to assets held for sale in 2014 was solely related to the disposal of the Group's U.S. specialty generics subsidiary, Kremers Urban Pharmaceuticals Inc. ("KU") (Note 6).

19. Property, plant and equipment

2015 € million	LAND AND BUILDINGS	PLANT AND MACHINERY	OFFICE, COMPUTER EQUIPMENT, VEHICLES AND OTHER	ASSETS UNDER CONSTRUCTION	TOTAL
Gross carrying amount at 1 January	**578**	**809**	**126**	**49**	**1 562**
Additions	2	12	3	44	61
Disposals	-7	-12	-3	0	-22
Transfers from one heading to another	22	26	-14	-53	-19
Transfer to assets held for sale	0	0	0	0	0
Effect of movements in exchange rates	29	36	4	1	70
Gross carrying amount at 31 December	**624**	**871**	**116**	**41**	**1 652**
Accumulated depreciation at 1 January	**-282**	**-499**	**-93**	**-2**	**-876**
Depreciation charge for the year	-25	-44	-8	0	-76
Impairment charge	-22	-5	0	-7	-34
Disposals	4	10	3	0	17
Transfers from one heading to another	0	0	0	0	0
Transfer to assets held for sale	0	0	0	0	0
Effect of movements in exchange rates	-11	-17	-3	0	-31
Accumulated depreciation at 31 December	**-336**	**-555**	**-101**	**-9**	**-1001**
Net carrying amount at 31 December	**288**	**316**	**15**	**32**	**651**

2014 € million	LAND AND BUILDINGS	PLANT AND MACHINERY	OFFICE, COMPUTER EQUIPMENT, VEHICLES AND OTHER	ASSETS UNDER CONSTRUCTION	TOTAL
Gross carrying amount at 1 January	**521**	**640**	**136**	**303**	**1 600**
Additions	0	14	3	66	83
Disposals	-7	-8	-19	-12	-46
Transfers from one heading to another	87	178	5	-293	-23
Transfer to assets held for sale	-48	-37	-2	-22	-109
Effect of movements in exchange rates	25	22	3	7	57
Gross carrying amount at 31 December	**578**	**809**	**126**	**49**	**1 562**
Accumulated depreciation at 1 January	**-270**	**-481**	**-104**	**-23**	**-878**
Depreciation charge for the year	-19	-27	-6	0	-52
Impairment charge	-1	0	0	9	8
Disposals	6	6	18	13	43
Transfers from one heading to another	0	-1	1	0	0
Transfer of assets held for sale	13	18	1	0	32
Effect of movements in exchange rates	-11	-14	-3	0	-29
Accumulated depreciation at 31 December	**-282**	**-499**	**-93**	**-2**	**-876**
Net carrying amount at 31 December	**296**	**310**	**33**	**47**	**686**

None of the Group property, plant and equipment is subject to restrictions on title nor has it been pledged as security for liabilities.

During 2015, the Group acquired property, plant and equipment totalling € 61 million (2014: € 83 million). These additions related mainly to IT hardware and other plant and equipment.

During the year, the Group recognized total impairment expense of € 34 million (2014: writeback of € 8 million), in respect of its manufacturing facility in Ireland on its property, plant and equipment.

The impairment charges are detailed in Note 11 and have been presented in the income statement under the caption "impairment of non-financial assets".

CAPITALIZED BORROWING COSTS

During the 12 months of 2015, the capitalized borrowing costs amounted to € 0 million (2014: € 0 million).

LEASED ASSETS

UCB leases buildings and office equipment under a number of finance lease agreements. The carrying value of the leased buildings is € 10 million (2014: € 11 million).

20. Financial and other assets

20.1 | NON-CURRENT FINANCIAL AND OTHER ASSETS

€ million	2015	2014
Available for sale financial assets (refer below)[1]	67	40
Investments in associates	5	5
Cash deposits	6	6
Senior unsecured loan notes related to KU divestment (Note 6)	184	0
Warrant received following disposal of KU (Note 6)	29	0
Derivative financial instruments (Note 36)	50	57
Reimbursement rights with respect to German defined benefit plans	23	23
Other financial assets	41	47
Non-current financial and other assets	**405**	**178**

20.2 | CURRENT FINANCIAL AND OTHER ASSETS

€ million	2015	2014
Clinical trial materials	19	19
Available for sale financial assets	0	1
Loans granted to third parties	1	0
Derivative financial instruments (Note 36)	34	33
Current financial and other assets	**54**	**53**

20.3 | AVAILABLE FOR SALE FINANCIAL ASSETS

The current and non-current available for sale financial assets comprise the following:

€ million	2015	2014
Equity securities[1]	64	38
Debt securities	3	2
Available for sale financial assets	**67**	**40**

The movement in the carrying values of the available for sale financial assets is as follows:

	2015		2014	
€ million	EQUITY SECURITIES	DEBT SECURITIES	EQUITY SECURITIES	DEBT SECURITIES
At 1 January	38	2	19	2
Additions	3	1	17	0
Disposals	-7	0	0	0
Revaluation through equity	30	0	15	0
Gain/loss (-) reclassified from equity to the income statement	0	0	0	0
Impairment charge (Note 15)	0	0	-13	0
At 31 December	**64**	**3**	**38**	**2**

[1] Investments in associates are presented on a separate line. In the 2014 financial statements these were presented on the line "Available for sale financial assets".

For the financial assets that are valued at amortised cost, the carrying amount approximates the fair value.

The Group has investments in listed debt securities, mainly issued by European governments as well as by some financial institutions. These bonds have been classified as available for sale and are measured at fair value. The fair value of the listed debt securities is determined by reference to published price quotations in an active market. None of these financial assets are past due at year end.

The equity securities mainly include investments in Wilex and Dermira Inc that have been classified as available for sale, as UCB does not have significant influence. These investments are measured at fair value.

The increase is related to investments in Clementia Pharmaceuticals Inc (1.154%).

The Group disposed of its investment in Biotie Therapies during 2015.

During 2015, UCB's stake in Wilex and Dermira remained stable at 10.59% and 6.14%, respectively.

20.4 | INVESTMENTS IN ASSOCIATES

In 2014, the Group made an investment in Berrylium Discovery Corporation, a U.S. corporation. This investment is considered as an investment in an associate and accounted for under the equity method as UCB has significant influence via its equity holding (27 %) and Board seat. The Group's share of the investee's loss for 2015 is € 0 million and there are no amounts of other comprehensive income related to the Group's investment in this associate. The investment is included in the non-current financial and other assets on the balance sheet.

20.5 | JOINT OPERATIONS

In March 2014, UCB and Sanofi entered into a scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules which have the potential to treat a wide range of immune-mediated diseases in areas such as gastroenterology and arthritis. This collaboration is classified as a joint operation based upon the rights and obligations of the parties and Sanofi and UCB will share costs and profits on a 50/50 basis. UCB is entitled to initial upfront, preclinical and clinical development milestone payments from Sanofi, potentially exceeding € 100 million.

No other joint operations were entered into by the Group in 2015.

20.6 | SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The accumulated non-controlling interest as of 31 December 2015 is € -126 million and relates to Edev S.à r.l. ("Edev"). No dividends have been paid to non-controlling interests during either 2015 or 2014.

Based in Luxembourg, Edev is 100% owned by the non-controlling interests and its summarised financial information is shown in the tables below before intercompany eliminations.

Summarised statement of financial position:

€ million	2015	2014
Non-current assets	0	0
Current assets	36	31
Total assets	**36**	**31**
Non-current liabilities	108	143
Current liabilities	54	48
Total liabilities	**162**	**191**
Non-controlling interest	**-126**	**-160**

Summarised income statement:

€ million	2015	2014
Revenue	70	58
Expenses	-19	-68
Profit (loss) attributable to the non-controlling interests	**51**	**-10**
Total comprehensive income (loss) attributable to the non-controlling interests	**34**	**-29**

Summarised cash flow statement:

€ million	2015	2014
Net cash inflow (outflow) from operating activities	-12	2
Net cash inflow (outflow) from investing activities	0	0
Net cash inflow (outflow) from financing activities	0	0
Net cash inflow (outflow)	**-12**	**2**

21. Inventories

€ million	2015	2014
Raw materials and consumables	76	90
Work in progress	349	397
Finished goods	132	56
Goods purchased for resale	9	4
Inventories	**566**	**547**

The cost of inventories recognized as an expense and included in "cost of sales" amounted to € 625 million (2014: € 633 million). There are no inventories pledged for security, nor is there any inventory stated at net realizable value. The write-down on inventories amounted to € 16 million in 2015 (2014: € 19 million) and has been included in cost of sales. Total inventory increased by € 19 million, mainly related to increases in Cimzia and Keppra stock.

22. Trade and other receivables

€ million	2015	2014
Trade receivables	548	499
Less: provision for impairment	-6	-7
Trade receivables – net	542	492
VAT receivable	51	46
Interest receivables	12	9
Prepaid expenses	52	63
Accrued income	8	13
Other receivables	127	69
Royalty receivables	44	37
Trade and other receivables	**836**	**729**

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 2015 from a single customer is 17% (2014: 15%) from McKesson Corp. U.S.

The aging analysis of the Group trade receivables at year-end is as follows:

	2015		2014	
€ million	GROSS CARRYING AMOUNTS	IMPAIRMENT	GROSS CARRYING AMOUNTS	IMPAIRMENT
Not past due	504	0	460	0
Past due – less than one month	8	-1	7	0
Past due more than one month and not more than three months	16	0	16	-2
Past due more than three months and not more than six months	8	0	5	0
Past due more than six months and not more than one year	3	0	2	0
Past due more than one year	9	-5	9	-5
Total	**548**	**-6**	**499**	**-7**

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 92% (2014: 92%) of the outstanding balance at the balance sheet date.

The movement in the provision for impairment in respect of trade receivables is shown below:

€ million	2015	2014
Balance at 1 January	**-7**	**-6**
Impairment charge recognized in the income statement	-1	-3
Utilization/reversal of provision for impairment	2	2
Effects of movements in exchange rates	0	0
Balance at 31 December	**-6**	**-7**

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	2015	2014
EUR	301	221
USD	253	241
JPY	11	48
GBP	117	65
Other currencies	154	154
Trade and other receivables	**836**	**729**

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.

23. Cash and cash equivalents

€ million	2015	2014
Short-term bank deposits	1 036	304
Cash at bank and on hand	249	203
Cash and cash equivalents (excluding bank overdrafts)	**1 285**	**507**

Cash and short-term deposits of € 22 million are held in countries with restrictive regulations on exporting capital from the country other than via normal dividends, such as China, India, Korea and Thailand. As Edev is 100% owned by non-controlling interests, its cash balance of € 0.4 million is restricted for use in settling its own obligations.

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

€ million	2015	2014
Cash and cash equivalents	1 285	507
Bank overdrafts (Note 26)	-8	0
Cash and cash equivalents included in assets held for sale	0	0
Bank overdrafts included in liabilities of disposal group held for sale	0	0
Cash and cash equivalents as reported in the cash flow statement	**1 277**	**507**

24. Capital and reserves

24.1 | SHARE CAPITAL AND SHARE PREMIUM

The issued share capital of the Company amounted to € 584 million (2014: € 584 million), and is represented by 194 505 658 shares (2014: 194 505 658 shares). The Company's shares are without par value. Pursuant to the Belgium Act of 14 December 2005, bearer securities have been subject to a gradual abolishment, leading to their conversion into registered or dematerialed secties as from 1 January 2014 and their complete abolishment at the end of 2015. At 31 December 2015, 66 402 705 shares were registered and 128 102 953 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 31 December 2015, the share premium reserves amounted to € 2 030 million (2014: € 2 030 million).

24.2 | HYBRID CAPITAL

On 8 March 2011, UCB SA completed the placement of € 300 million perpetual subordinated bonds (the "bonds") that were issued at 99.499% and offer investors a coupon of 7.75% per annum during the first five years. The bonds have no maturity date, however UCB will have a right to redeem the bonds at 101% on the 5th anniversary of their issue, on 18 March 2016 and each quarter thereafter. After the First Call Date the interest is floating at 3 months EURIBOR + 988.9 bps. The bonds are listed on the Luxembourg stock exchange.

The perpetual subordinated bonds qualify as "equity" instruments for the Group under IAS 32: Financial Instruments presentation due to:

- the bonds have a perpetual maturity;
- are subordinated;
- UCB may elect to defer interest payments if no Mandatory payment events occurred in the previous 12 months on junior securities or repurchases or redemption of parity of junior securities.

Accordingly, interest is not presented as interest expenses in the income statement but accounted for corresponding to the accounting for dividends to the shareholders, that is within the statement of Changes in equity. Any transaction costs are deducted from the hybrid capital, taking tax effects into account.

Hybrid capital amounted to € 295 million at 31 December 2015. The € 23 million dividend to shareholders of the perpetual subordinated bonds are presented in retained earnings.

On 27 January 2016 UCB has announced that it will redeem the bonds in full on 18 March 2016 (Note 41).

24.3 | TREASURY SHARES

The Group acquired, through UCB SA and UCB Fipar SA, 4 510 000 treasury shares (2014: 1 180 000) for a total amount of € 202 million (2014: € 185 million) and sold 1 731 267 treasury shares for a total amount of € 83 million (net acquisition of 2 778 733 treasury shares for a net amount of € 119 million). During 2015, the Group acquired 4 290 000 treasury shares (2014: 4 110 000) and disposed of 1 200 000 treasury shares (2014: 3 500 000) as part of share swap transactions.

The Group retained 6 250 222 treasury shares of which none related to share swap deals (2014: 3 471 489 of which 3.1 million related to share swap deals). These treasury shares have been acquired in order to cover part of UCB's obligations resulting from the employees stock options plans, stock award plans and performance share plans.

In the current year, 1 435 000 call options on UCB shares have been acquired (2014: 0) and 4 160 000 call options have been exercised (2014: 130 000), together leading to a decrease in equity of € 2.5 million (2014: € 1.3 million).

24.4 | OTHER RESERVES

Other reserves amount to € -66 million (2014: € -96 million) and consists of the following items:

> the IFRS acquisition value surplus that arose during the Shwarz Pharma business combination for € 232 million (2014: € 232 million);

> the equity component linked to the convertible bond for € 0 million (2014: € 0 million, 2013: € 41 million) net of taxes as a result of UCB'S decision to revoke the cash settlement option linked to the convertible bond in 2010 (refer to Note 2.27); in 2014, the reserve was reclassified to share premium upon the conversion of the remaining convertible bonds.

The convertible bond amounting to € 500 million was issued in 2009 by UCB. In 2012, UCB purchased € 70 million par value of the outstanding bond and in March 2014 UCB exercised its option to redeem all outstanding bonds. Prior to the redemption of € 750 000 in 2014, a number of bondholders exercised their conversion option resulting in two capital increases for an aggregate amount of € 33 million in capital and € 396 million in issuance premium and the resulting issuance of an aggregate number of 11 078 506 new UCB shares:

> the remeasurement value of the defined benefit obligation for € -264 million (2014: € -294 million);

> the purchase of the remaining 25% non-controlling interest in Shwarz Pharma Zuhai Ltd for € -11 million (2014: € -11 million); and

> the purchase of the remaining 30% non-controlling interest in Meizler Biopharma: € -23 million (2014: € -23 million). UCB acquired 51% of the shares of Meizler Biopharma (subsequently renamed "Meizler UCB') in 2012. The purchase agreement granted a put option to the selling shareholders and a call option to UCB on the remaining shares. In 2013 some amendments were made to the original purchase agreement whereby the ownership percentage of UCB was adjusted to 70% and the terms of the put and call options were amended. In 2014 UCB acquired the remaining 30% interest in the common and preference shares of Meizler UCB. After the completion of the transaction in 2014, the put and call options are no longer outstanding.

24.5 | 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. It also includes the hedging of the net investment in the US operations (Note 36.3).

25. Share-based payments

The Group operates several equity-based and cash-based compensation plans, including a share option plan, a share appreciation rights plan, a share award plan and a performance share plan to compensate employees for services rendered.

The share option plan, the share award plan and the performance share plan are equity-settled, whereas the share appreciation rights plan is a cash-settled plan. Besides these plans, the Group also operates employee share purchase plans in the U.K. and the U.S. and phantom share plans. The expenses incurred for these plans are immaterial.

25.1 | SHARE OPTION PLAN AND SHARE APPRECIATION RIGHTS PLAN

The Remuneration Committee 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.

There are no reload features, and the options are not transferable (except in case of death).

The Share Appreciation Rights (S.A.R.'s) plan has similar characteristics to the share option plan, except that it is reserved for UCB employees in the U.S. this plan is cash-settled.

25.2 | SHARE AWARD PLAN

The Remuneration Committee 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. Share 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.

25.3 | PERFORMANCE SHARE PLAN

The Remuneration Committee granted performance shares to the Executive Committee members and senior executives who achieved an outstanding performance. The performance shares are conditional on the beneficiary completing three years of service (the vesting period) and are also subject to the fulfilment of certain company performance conditions.

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.

25.4 | PHANTOM SHARE OPTION, SHARE AWARD AND PERFORMANCE SHARE PLANS

The Group also has phantom share option, phantom share award and performance phantom 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 share option, share award and performance share plans except for their settlement. As of 31 December 2015, these plans had 42 participants (2014: 26) and the share-based payment expense incurred for these plans is immaterial.

25.5 | EMPLOYEE SHARE PURCHASE PLANS IN THE U.S.

The plan is intended to provide employees of UCB affiliates in the U.S. with an opportunity to purchase common shares 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$ 5 million total ownership by U.S. employees in all forms of share plans over a rolling period of 12 months.

As of 31 December 2015, the plan had 546 participants (2014: 608). There are no specific vesting conditions and the share-based payment expense incurred for this plan is immaterial.

25.6 | SHARE SAVINGS PLAN IN THE U.K.

The purpose of this plan is to encourage the holding of UCB shares by employees in the U.K. Participants save a certain portion of their salary through payroll deductions and UCB matches every 5 shares bought by each participant with 1 free share. Shares are held in an account in the employee's name by an independent company that acts as a trustee. Employee contributions to the plan are limited to the lower of:

> 10% of each participant's compensation;

> GBP 1 500 per year per participant.

As of 31 December 2015, the plan had 133 participants (2014: 84) and the share-based payment expense incurred for this plan is immaterial.

25.7 | SHARE-BASED PAYMENT EXPENSE

The total share-based payment expense incurred for the Group amounted to € 83 million (2014: € 56 million), and has been included in the relevant functional lines within the income statement as follows

€ million	2015	2014
Cost of sales	5	4
Marketing and selling expenses	42	20
Research and development expenses	18	17
General and administrative expenses	18	15
Other operating expenses	-	-
Total operating expense	**83**	**56**
Of which, equity-settled:		
Share option plans	11	14
Share award plans	22	13
Performance share plan	6	4
Of which, cash-settled:		
Share appreciation rights plan	37	19
Phantom share option, share award and performance share plans	7	6

25.8 | SHARE OPTION PLANS

The movements in the number of share options outstanding and their related weighted average exercise prices as at 31 December are:

	2015			2014		
	WEIGHTED AVERAGE FAIR VALUE (€)	WEIGHTED AVERAGE EXERCISE PRICE (€)	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE FAIR VALUE (€)	WEIGHTED AVERAGE EXERCISE PRICE (€)	NUMBER OF SHARE OPTIONS
Outstanding at 1 January	8.84	37.02	7 158 066	8.49	34.80	8 699 044
+ New options granted	11.26	67.35	517 026	9.60	58.12	532 440
(-) Options forfeited	10.95	45.96	166 877	9.93	39.22	315 169
(-) Options exercised	7.34	30.04	1 614 801	7.17	32.03	1 758 249
(-) Options expired	6.75	37.33	35 019	-	-	-
Outstanding at 31 December	**9.40**	**41.30**	**5 858 395**	**8.84**	**37.02**	**7 158 066**
Number of options fully vested:						
At 1 January			2 225 231			2 641 108
At 31 December			2 418 789			2 225 231

The share options outstanding as at 31 December 2015 with the following last exercise dates and exercise prices are:

LAST EXERCISE DATE	RANGE OF EXERCISE PRICES (€)	NUMBER OF SHARE OPTIONS
31 March 2016	[40.14 - 40.57]	126 579
31 March 2017	[43.57 - 46.54]	297 012
31 March 2018	[22.01 - 25.73]	184 080
31 March 2019	[21.38 - 22.75]	216 000
31 March 2020	31.62	421 636
31 March 2021	[25.32 - 26.80]	636 266
31 March 2022	32.36	1 413 966
31 March 2023	[48.69 - 49.80]	1 547 441
31 March 2024	58.12	502 959
31 March 2025	67.35	512 456
Total outstanding		**5 858 395**

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 share options granted in 2015 and 2014 are:

		2015	2014
Share price at grant date	€	67.35	58.19
Weighted average exercise price	€	67.35	58.12
Expected volatility	%	23.23	23.29
Expected option life	Years	5	5
Expected dividend yield	%	1.57	1.82
Risk free interest rate	%	0.33	0.52
Expected annual forfeiture rate	%	7.00	7.00

25.9 | SHARE APPRECIATION RIGHTS (S.A.R.'S) PLAN

The movements of the S.A.R.'s and the model inputs as at 31 December 2015 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.

		2015	2014
Outstanding rights as of 1 January		**2 001 963**	**2 572 811**
+ New rights granted		173 266	220 635
(-) Rights forfeited		121 254	278 283
(-) Rights exercised		459 700	513 200
(-) Rights expired		1 000	-
Outstanding rights as of 31 December		**1 593 275**	**2 001 963**
The significant assumptions used in the measurement of the fair value of the share appreciation rights are:			
Share price at year end	€	83.23	63.20
Exercise price	€	67.35	58.12
Expected volatility	%	23.99	23.29
Expected option life	Years	5	5
Expected dividend yield	%	1.27	1.68
Risk free interest rate	%	0.03	0.11
Expected annual forfeiture rate	%	7	7

25.10 | SHARE AWARD PLANS

The share-based payment expense related to these share 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 share awards outstanding at 31 December is as follows:

	2015		2014	
	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)
Outstanding at 1 January	**860 430**	**54.85**	**303 331**	**37.95**
+ New share awards granted	707 168	67.35	707 799	58.14
(-) Awards forfeited	97 245	61.24	25 760	55.72
(-) Awards vested and paid out	124 178	41.71	124 940	30.86
Outstanding at 31 December	**1 346 175**	**62.16**	**860 430**	**54.85**

25.11 | PERFORMANCE SHARE PLANS

The movement in the number of performance shares outstanding at 31 December is as follows:

	2015		2014	
	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE FAIR VALUE (€)
Outstanding at 1 January	**355 873**	**50.06**	**272 820**	**39.27**
+ New performance shares granted	96 593	67.35	161 924	58.19
(-) Performance shares forfeited	51 185	38.84	73 085	28.42
(-) Performance shares vested	45 400	36.57	5 786	42.31
Outstanding at 31 December	**355 881**	**58.12**	**355 873**	**50.06**

25.12 | OPTIONS GRANTED BEFORE 7 NOVEMBER 2002

According to the transitional provisions included in IFRS 2, the options granted before 7 November 2002 and not yet vested at 1 January 2005 are not amortized through the income statement.

The movement in the number of options and warrants not accounted for under IFRS 2 can be described as follows:

	2015		2014	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE (€)	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE (€)
Outstanding at 1 January	**29 300**	**40.34**	**73 724**	**40.15**
(-) Options forfeited	-	-	-	-
(-) Options exercised	14 700	41.68	44 424	40.03
(-) Options expired	14 600	38.99	-	-
Outstanding at 31 December	**-**	**-**	**29 300**	**40.34**

26. Borrowings

The carrying amounts and fair values of borrowings are as follows:

€ million	2015	2014
Non-current		
Bank borrowings	342	332
Other long-term loans	0	0
Finance leases	7	9
Total non-current borrowings	**349**	**341**
Current		
Bank overdrafts	8	0
Current portion of bank borrowings	95	195
Debentures and other short-term loans	12	175
Finance leases	2	3
Total current borrowings	**117**	**372**
Total borrowings	**466**	**714**

26.1 | BORROWINGS

On 31 December 2015, the Groups weighted average interest rate was 3.53% (2014: 3.57%) 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 3.06% (2014: 2.95%) post hedging. The fees paid for the arrangement of the bonds (Note 27), 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.

UCB did not draw (2014: € 0 million) on the € 1 billion syndicated revolving facility expiring 9 January 2021, following an amended and extended facility agreement from 9 January 2014.

The Group has access to certain committed and non-committed bilateral credit facilities as well as the Belgian commercial paper market. In this respect, per end of 2015 an agregated amount of € 235 million was undrawn.

Please refer to Note 4.3 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	2015	2014
EUR	345	444
USD	92	83
Other	0	0
Total interest bearing loans by currency	**437**	**527**
Bank overdrafts – USD	4	0
Bank overdrafts – other	4	0
Debentures and other short term loans – EUR	0	135
Debentures and other short term loans – other	12	40
Finance lease liabilities – EUR	9	12
Total borrowings	**466**	**714**

26.2 | FINANCE LEASE LIABILITIES – MINIMUM LEASE PAYMENTS

€ million	2015	2014
Amounts payable under finance leases:		
1 year or less	2	3
1-2 years	1	9
2-5 years	5	0
More than 5 years	1	0
Present value of finance lease liabilities	**9**	**12**
Less: amount due for settlement within 12 months	2	3
Amount due for settlement after 12 months	**7**	**9**

Management considers that the carrying value of the Group finance lease liabilities approximate their fair value.

27. Bonds

The carrying amounts and fair values of bonds are as follows:

			CARRYING AMOUNT		FAIR VALUE	
€ million	COUPON RATE	MATURITY DATE	2015	2014	2015	2014
Retail Bond	5.125%	2023	189	190	210	213
Institutional Eurobond	1.875%	2022	346		350	
Institutional Eurobond	4.125%	2021	369	369	392	400
Retail Bond	3.750%	2020	257	257	271	275
EMTN Note[1]	3.284%	2019	20	20	20	20
EMTN Note[1]	3.292%	2019	55	55	55	55
Institutional Eurobond	5.750%	2016	506	515	525	546
Total bonds			**1 742**	**1 406**	**1 823**	**1 509**
Of which:						
Non-current			1 236	1 406	1 298	1 509
Current			506	0	525	0

[1] 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.

27.2 | RETAIL BONDS

> MATURING IN 2014/2023:

During October 2009, UCB completed a public offering of € 750 million fixed rate bonds, carrying a coupon and an effective interest rate of 5.75% per annum, and aimed at retail investors.

During September 2013, UCB launched an unconditional public exchange offer for a maximum of € 250 million out of the € 750 million retail bonds maturing in November 2014 and having a gross coupon of 5.75%. The existing bondholders had the opportunity to exchange their existing bonds against newly issued bonds maturing October 2023 in an exchange ratio of 1 to 1. These bonds carry a coupon of 5.125% per annum while their effective interest rate is 5.398% per annum.

At the end of the exchange period, 175 717 existing bonds were tendered in the exchange offer, representing a nominal amount of € 176 million.

The 175 717 new bonds were issued in October 2013 and have been listed on Euronext Brussels. The existing bonds exchanged in the exchange offer were cancelled by UCB. The outstanding 574 283 of the retail bonds matured and have been redeemed in November 2014.

> MATURING IN 2020:

In March 2013, UCB completed a public offering of € 250 million bonds, in the form of a retail public offering in Belgium under its established EMTN program. The bonds were issued at 101.875% of the nominal value. The retail bond has a coupon of 3.75% per annum and an effective interest rate of 3.444% per annum. The bonds have been listed on the regulated market of Euronext Brussels.

27.3 | INSTITUTIONAL EUROBONDS

> MATURING IN 2016:

In December 2009, UCB completed an offering of € 500 million senior unsecured bonds, due in 2016 and aimed at institutional investors. The bonds were issued at 99.635% and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 5.75% per annum while their effective interest rate is 5.8150% per annum. The bonds have been listed on the Luxembourg stock exchange.

> MATURING IN 2021:

In September 2013, UCB completed an offering of € 350 million senior unsecured bonds, due January 2021, issued under its EMTN program. The Bonds were issued at 99.944% in October 2013 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 4.125% per annum while their effective interest rate is 4.317% per annum. The bonds have been listed on Euronext Brussels.

> MATURING IN 2022:

In April 2015, UCB completed an offering of € 350 million senior unsecured bonds, due April 2022, issued under its EMTN program. The Bonds were issued at 99.877% in April 2015 and will be redeemed at 100% of their principal amount. These bonds carry a coupon of 1.875% per annum while their effective interest rate is 2.073% per annum. The bonds have been listed on Euronext Brussels.

27.4 | EMTN NOTES

> MATURING IN 2019:

In November 2013, UCB completed an offering of € 55 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.292% per annum while their effective interest rate is 3.384% per annum. The notes have been listed on Euronext Brussels.

> MATURING IN 2019:

In December 2013, UCB completed an offering of € 20 million notes, due in 2019. The notes were issued at 100% and will be redeemed at 100% of their principal amount. These notes carry a coupon of 3.284% per annum while their effective interest rate is 3.356% per annum. The notes have been listed on Euronext Brussels.

27.5 | 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.

28. Other financial liabilities

	CARRYING AMOUNT		FAIR VALUE	
€ million	**2015**	2014	**2015**	2014
Non-current				
Derivative financial instruments (Note 36)	9	13	9	13
Other financial liabilities	108	262	108	262
Total non-current other financial liabilities	**117**	**275**	**117**	**275**
Current				
Derivative financial instruments (Note 36)	77	73	77	73
Other financial liabilities	54	110	54	110
Total current other financial liabilities	**131**	**183**	**131**	**183**
Total other financial liabilities	**248**	**459**	**248**	**459**

At 31 December 2015 UCB no longer had financial liabilities resulting from share swap transactions of UCB shares OTC (2014: 3.1 million amounting to € 189 million). The other financial liabilities include a liability of € 162 million (2014: € 183 million) resulting from the issuance of warrants to the shareholders of Edev Sàrl (note 4.5.3).

29. Deferred tax assets and liabilities

29.1 | RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

€ million	2015	2014
Intangible assets	-144	-74
Property, plant and equipment	-9	-8
Inventories	190	181
Trade and other receivables	60	36
Employee benefits	88	98
Provisions	26	7
Other short-term liabilities	-526	-330
Unused tax losses	832	558
Unused tax credits	278	152
Total net deferred tax assets/liabilities (-)	**795**	**620**

Total deferred tax assets of € 795 million have been recognized as at 31 December 2015. 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 recognised deferred tax assets will be realized.

There are € 267 million of Research & Development tax credits included in the unused tax credit deferred tax asset which will result in an actual cash repayment to the Group in future periods.

The increase in the deferred tax liability in respect of short term liabilities relates mainly to the increase of a provision of a liability in one jurisdiction. This increase is partially offset by an increase in the recognised losses in the same period

DEFERRED TAX ASSETS ON LOSSES

A deferred tax asset of € 832 million (2014: € 558 million) has been recognized in respect of tax losses carried forward totaling € 2.94 billion (2014: € 2.14 billion) as the Group has concluded that the relevant entities will continue to generate taxable profits in the foreseeable future against which these losses can be used. These losses have arisen in a number of jurisdictions in which UCB operates and do not expire. This period has seen further recognition of losses previously unrecognized, as two subsidiaries in Belgium and the UK which historically generated losses are demonstrating current year profitability as well evidence of generating sufficient levels of future taxable profits to justify the recognition of these losses. Undiscounted forecasts have been used to assess the availability of future taxable profits.

29.2 | UNUSED TAX LOSSES

As of 31 December 2015 the Group also had € 2 123 million (2014: € 1 943 million) of gross unused tax losses for which no deferred tax asset is recognized in the balance sheet. These tax loss carryforwards do not expire.

Based on current forecasts € 1.3 billion of these losses will be fully utilized within 10-12 years but it has been decided to not recognize a deferred tax asset on these losses for now given the long term nature of these forecasts.

29.3 | 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 € 490 million (2014: € 405 million) in respect of unutilized tax credits 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. The unrecognized deferred tax liabilities amount to approximately € 9 million (2014: € 9 million).

There is an additional unrecognised deferred tax liability of € 478 million (2014: € 432 million) in respect of an internal reorganisation which occurred last year. The tax liability will only materialise on disposal of the relevant asset, an event which is controlled by UCB and for which there are no plans in the foreseeable future.

29.4 | DEFERRED TAX WAS DIRECTLY RECOGNIZED IN EQUITY

€ million	2015	2014
Deferred tax recognized in OCI	36	16
Effective portion of changes in fair value of cash flow hedges	0	0
Deferred tax liability on convertible bond	0	-4
Deferred tax directly recognized in equity	**36**	**12**

30. 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.

30.1 | 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 balance sheet in respect of such plans, apart from regular prepayments and accruals of contributions. As UCB is required by law to guarantee a minimum return on employee and employer contributions for the Belgian defined contribution plans, these plans are considered to be 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. The change in the Belgian legislation introducted in December 2015 whereby the guaranteed interest has been modified has been taken into account in the calculations. This has resulted in a positive impact on other comprehensive income as part of the experience gain for an amount of € 1.4 million.

30.2 | DEFINED BENEFIT PLANS

The Group operates several defined benefit plans. The benefits granted include mainly pension benefits, jubilee premiums and termination indemnities. 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 balance sheet. 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.

Since 2008, the Group analyses the Value at Risk on its balance sheet and profit and loss accounts linked to its defined benefits plans. Target risk level in terms of a one-year consolidated balance sheet 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 the U.K., Belgium, Germany and the U.S. 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., the buy-in was completed for three of the four pension schemes by securing the benefits of all members of the schemes with an insurance company. In addition, one of those three schemes, known as the U.K. British Pension Scheme was bought out on 1st October 2015. UCB does therefore no longer have any liabilities towards any members of this scheme.

For the U.K. 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 35%/65%.

For the Belgian pension plan, the focus remains on the diversification of the assets. In 2015, the Belgian Pension Board implemented the Mercer "Global Investment Solution" in order to improve the diversification in the type of assets and investment managers used.

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	2015	2014
Present value of defined benefit obligation	966	1 086
Fair value of plan assets	615	705
Funded status – Deficit/surplus (-)	351	381
Effect of asset ceiling	1	4
Net liability arising from defined benefit obligation	**352**	**385**
Add: Liability with respect to cash settled share based payments (Note 25)	65	45
Total employee benefit liabilities	**417**	**430**
Of which:		
Portion recognized in non-current liabilities	417	430
Portion recognized in non-current assets	0	0

Movements in the present value of the defined benefit obligation in the current year were as follows:

€ million	2015	2014
At 1 January	**1 086**	**854**
Current service cost	48	38
Interest expense	28	32
Remeasurement gain(-)/loss		
Effect of changes in demographic assumptions	5	2
Effect of changes in financial assumptions	-50	153
Effect of experience adjustments	4	12
Past service cost and gain(-)/loss on settlements	-5	-
Effect of change in foreign exchange rates	38	35
Benefit payments from the plan	-30	-23
Benefit payments from the employer	-6	-6
Settlement payments	-149	-
Plan participants contributions	2	2
Change in scope	-	-9
Other	-5	-4
At 31 December	**966**	**1 086**

Movements in the fair value of plan assets in the current year were as follows:

€ million	2015	2014
At 1 January	**705**	**608**
Interest income	20	24
Remeasurement gain/loss(-)		
Return on plan assets (excl. interest income)	-31	38
Changes in asset ceiling (excl. interest income)	-	-
Effect of change in foreign exchange rates	33	31
Plan participants contributions	2	2
Employer contributions	74	41
Benefit payments from the plan	-30	-23
Settlement payments	-149	-
Expenses, taxes and premiums paid	-9	-7
Change in scope	-	-9
At 31 December	**615**	**705**

The fair value of plan assets amounts to € 615 million (2014: € 705 million), representing 64% (2014: 65%) of the defined benefit obligation. The total deficit of € 351 million (2014: € 381 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	2015	2014
Total service cost (incl. past service cost and gain (-)/loss from settlements)	43	38
Net interest cost	8	7
Remeasurement of other long term benefits	-2	2
Administrative expenses and taxes	4	3
Components of defined benefit costs recorded in income statement	**53**	**50**
Remeasurements gain (-)/loss		
Effect of changes in demographic assumptions	5	2
Effect of changes in financial assumptions	-50	151
Effect of experience adjustments	5	12
Return on plan assets (excluding interest income)	31	-38
Changes in the asset ceiling (excluding interest income)	-4	1
Components of defined benefit costs recorded in OCI	**-13**	**128**
Total components of defined benefit cost	**40**	**178**

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. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

The split of the recognized expense by functional line is as follows:

€ million	2015	2014
Cost of sales	11	9
Marketing and selling expenses	7	8
Research and development expenses	20	19
General and administrative expenses	15	14
Other income and expenses	-	-
Total	**53**	**50**

The actual return on plan assets is € -31 million (2014: € 38 million) and the actual return on reimbursement rights is € 0 million (2014: € -1 million).

The major categories of plan assets at the end of the reporting period, are as follows:

€ million	2015	2014
Cash and cash equivalent	**7**	**8**
Equity instruments	**127**	**45**
Europe	42	14
U.S.	36	15
Rest of the World	49	16
Debt instruments	**199**	**139**
Corporate bonds	27	0
Government bonds	31	69
Other	141	70
Properties	**7**	**3**
Qualifying insurance policies	**146**	**393**
Investment funds	**123**	**112**
Other	**6**	**5**
Total	**615**	**705**

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.		U.S.		OTHER	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Discount rate	2.20%	1.76%	3.75%	3.63%	4.25%	3.75%	0.95%	1.45%
Inflation	1.75%	2.00%	3.20%	3.20%	n.a.	n.a.	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 25 basis points higher (lower), the defined benefit obligation would decrease by € 37 million (increase by € 38 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 € 25 million (decrease by € 24 million) if all other assumptions were held constant.

The figures above do not take account of any interrelationships between the assumptions, especially between the discount rate, expected salary increases and inflation rates.

The Group's subsidiaries should fund the entitlements expected to be earned on a yearly basis. Funding usually follows local actuarial requirements and in this framework, the discount rate is set on a risk free rate. Underfunding linked to past service are met by setting up recovery plans and investment strategies based on plan's demographics, appropriate time periods for amortization of past service liability, projected salary increase and the financial capabilities of the local company.

The average duration of the benefit obligation at the end of the reporting period is 15.55 years (2014: 15.28 years). This number can be subdivided into the duration related to:

> Eurozone: 13.60 years (2014: 13.51 years);

> U.K.: 19.11 years (2014: 17.55 years);

> U.S.: 11.44 years (2014: 12.97 years);

> Other: 19.06 years (2014: 16.22 years).

The Group expects to make a contribution of € 48 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 analysed in terms of risk-and-return profiles.

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.

31. Provisions

The movements in provisions have been disclosed below:

€ million	ENVIRONMENT	RESTRUCTURING	OTHER	TOTAL
At 1 January 2015	**29**	**43**	**13**	**85**
Business combinations	0	0	0	0
Arising during the year	1	12	84	97
Unused amounts reversed	-1	0	0	-1
Transfer from one heading to another	0	0	0	0
Effect of movements in exchange rates	0	0	0	0
Utilized during the year	-7	-27	-5	-39
Transfer to assets held for sale	0	0	0	0
At 31 December 2015	**22**	**28**	**92**	**142**
Non-current portion	6	9	61	76
Current portion	16	19	31	66
Total provisions	**22**	**28**	**92**	**142**

31.1 | ENVIRONMENTAL PROVISIONS

UCB has retained certain environmental liabilities which were associated to the acquisition of Schwarz Pharma and the divestiture of Films and Surface Specialties in the past. The latter relates to the divested sites on which UCB has retained full responsibility in accordance with the contractual terms agreed upon with Cytec Industries Inc. In 2015 the part of the environmental provisions related to the Films business was reversed.

31.2 | RESTRUCTURING PROVISIONS

The restructuring provisions arising during 2015 are related to further optimization and reorganization, mainly in Belgium, while the utilization is mainly related to R&D and other severance costs.

31.3 | OTHER PROVISIONS

Other provisions relate mainly to:

- provisions for litigation 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. In 2015 a provision of € 50 million was recognized related to Distilbène which is a former product of the UCB Group. UCB is currently defendant in several product liability cases in France. 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. The provision represents the amount of estimated future cash outflows exceeding the product liability insurance cover (Note 13, Note 39.4). The provision was discounted using a discount rate of 1.46%. If the discount rate would be 25 basis points higher (lower), the provision would decrease (increase) with € 1 million;
- a provision related to the divestment of the plant in Shannon (€ 26 million).

An assessment is performed with respect to the above mentioned risks together with the Group legal advisers and experts in the different domains.

32. Trade and other liabilities

32.1 | NON-CURRENT TRADE AND OTHER LIABILITIES

€ million	2015	2014
GSK Japan (Switzerland)	13	11
Non-current liabilities on collaboration agreements	41	35
Redemption liability for non controlling interest	31	48
Other payables	21	54
Total non-current trade and other liabilities	**106**	**148**

32.2 | CURRENT TRADE AND OTHER LIABILITIES

€ million	2015	2014
Trade payables	342	312
Taxes payable, other than income tax	77	57
Payroll and social security liabilities	165	149
Other payables	73	90
Deferred income linked to collaboration agreements	118	120
Other deferred income	71	2
Royalties payables	99	68
Dividend to shareholders of perpetual subordinated bond	18	18
Rebates/discount payable	433	377
Accrued interest	33	32
Other accrued expenses	259	161
Total current trade and other liabilities	**1 688**	**1 386**

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.

33. Income tax payables

Income tax payables include liabilities for uncertain tax positions for an amount of € 226 million (2014: € 275 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. The assessment is done for each liability individually and the resulting liability is the Group's best estimate of the expected exposure in the event of a tax authority challenge. See Note 3.2.5 for more details on the Group's assessment of uncertain tax positions.

UCB faces a number of audits in countries around the world. The issues under discussion are in some cases, complex and these audits can take a number of years to resolve or even reach a firm conclusion on the additional liabilities. Any liability booked in respect of these audits is calculated by the Group as the single best estimate of the current tax it expects to pay using the Group's best judgment of the most likely outcome of such examinations.

There has been an overall reduction of liabilities for uncertain tax positions with € 49 million compared to last year. This is mainly due to the expiry of the period of the statute of limitations by which the tax authorities can audit. In addition, some uncertain tax positions were proactively disclosed by the Group without triggering the application of any correction or penalties. This resulted in the release of the liabilities.

The Group anticipates that current tax audits for which the most significant liabilities for uncertain tax positions are recorded should be concluded or at least a clear indication of the outcome should be known over the next two years.

34. 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 2015 relate to the sale of KU. The consideration received included non-cash items. UCB received senior unsecured notes for an amount of $ 200 million as well as warrants entitling UCB to subscribe for 2.5 million shares of Lannett's stock. See Note 6 for more details relating to this transaction.

Non-cash transactions for 2014 relate mainly to the conversion of 9 985 convertible bonds into capital resulting in two capital increases for an aggregate amount of € 33 million in capital and € 396 million in issuance premium, and the resulting issuance of an aggregate number of 11 078 506 new UCB shares. See Note 24.

€ million	NOTE	2015	2014
Adjustment for non-cash transactions		**313**	**167**
Depreciation and amortization	8, 19, 17	250	220
Impairment/reversal (-) charges	8, 11	88	43
Equity settled share based payment expense		3	19
Other non-cash transactions in the income statement		-49	-44
Adjustment IAS 39	14	13	8
Unrealized exchange gain (-)/losses		-65	-98
Change in provisions and employee benefits		61	24
Change in inventories and bad debt provisions		11	-5
Adjustment for items to disclose separately under operating cash flow		**111**	**6**
Tax charge of the period from continuing operations	15	111	6
Adjustment for items to disclose under investing and financing cash flows		**-59**	**74**
Gain (-)/loss on disposal of fixed assets		-139	-20
Dividend income (-)/expenses		0	0
Interest income (-)/charge		80	94
Change in working capital			
Inventories movement per consolidated BS		-19	31
Trade and other receivables and other assets movement per consolidated BS		-58	-42
Trade and other payables movement per consolidated BS		229	264
Share swaps		-190	26
As it appears in the consolidated balance sheet and corrected by:		**-38**	**279**
Non-cash items[1]		-143	-47
Change in inventories and bad debt provisions disclosed separately under operating cash flow		-11	9
Change in interest receivable/payable disclosed separately under operating cash flow		2	-12
Change in dividend receivable disclosed separately under investing cash flow		0	0
Change in dividend payable disclosed separately under financing cash flow		23	23
Change in net working capital disclosed under cash flow from discontinued operations		0	122
Currency translation adjustments		60	-8
As it appears in the consolidated cash flow statement		**-107**	**366**

[1] Non-cash items are mainly linked to transfers from one heading to another, non-cash movements linked to affiliate's revaluation from Fx currencies and other movements linked to entry/exit in consolidation scope or merge of entities.

35. Financial instruments by category

€ million 31 December 2015 **Assets as per balance sheet**	NOTE	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR CASH FLOW HEDGING	AVAILABLE FOR SALE	TOTAL
Financial assets and other assets (excluding derivative financial instruments and associates)	20	274	29	0	67	370
Derivative financial assets	36	0	74	10	0	84
Trade and other receivables (including prepaid expenses)	22	836	0	0	0	836
Cash and cash equivalents	23	1 285	0	0	0	1 285
Total		**2 395**	**103**	**10**	**67**	**2 575**

€ million 31 December 2015 **Liabilities as per balance sheet**	NOTE		LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR CASH FLOW HEDGING	OTHER FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL
Borrowings	26		0	0	466	466
Bonds	27		0	0	1 742	1 742
Derivative financial liabilities	36		58	28	0	86
Trade and other liabilities	32		0	0	1 794	1 794
Other financial liabilities (excluding derivatives financial instruments)	28		162	0	0	162
Total			**220**	**28**	**4 002**	**4 250**

€ million 31 December 2014 **Assets as per balance sheet**	NOTE	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR CASH FLOW HEDGING	AVAILABLE FOR SALE	TOTAL
Financial assets and other assets (excluding derivative financial instruments and associates	20	96	0	0	40	136
Derivative financial assets	36	0	77	13	0	90
Trade and other receivables (including prepaid expenses)	22	729	0	0	0	729
Cash and cash equivalents	23	507	0	0	0	507
Total		**1 332**	**77**	**13**	**40**	**1 462**

€ million 31 December 2014 **Liabilities as per balance sheet**	NOTE		LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR CASH FLOW HEDGING	OTHER FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL
Borrowings	26		0	0	714	714
Bonds	27		0	0	1 406	1 406
Derivative financial liabilities	36		43	43	0	86
Trade and other liabilities	32		0	0	1 534	1 534
Other financial liabilities (excluding derivatives financial instruments)	28		183	0	190	373
Total			**226**	**43**	**3 844**	**4 113**

36. Derivative financial instruments

€ million	ASSETS		LIABILITIES	
	2015	2014	**2015**	2014
Forward foreign exchange contracts – cash flow hedges	10	13	25	40
Forward foreign exchange contracts – fair value through profit and loss	19	22	51	36
Interest rate derivatives – cash flow hedges	0	0	3	3
Interest rate derivatives – fair value through profit and loss	55	55	7	7
Total	**84**	**90**	**86**	**86**
Of which:				
Non-current (Notes 20 and 28)	50	57	9	13
Current (Notes 20 and 28)	34	33	77	73

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 2015, a net unrealized gain of € 12 million (2014: net unrealized loss of € 50 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 (2014: € 0 million).

36.1 | FOREIGN CURRENCY DERIVATIVES

The Group policy with respect to the use of financial derivative contracts is described in Note 4 "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 2016.

The fair values of the foreign currency derivative contracts are as follows:

€ million	ASSETS		LIABILITIES	
	2015	2014	**2015**	2014
USD	9	10	44	63
GBP	7	5	13	7
JPY	1	5	9	1
CHF	2	0	5	0
RUB	3	10	0	0
Other currencies	7	5	5	5
Total foreign currency derivatives	**29**	**35**	**76**	**76**

The foreign currency derivatives maturity analysis is noted below:

€ million	**2015**	2014
1 year or less	-47	-40
1-5 years	0	-1
Beyond 5 years	0	0
Total foreign currency derivatives – net asset/net liability (-)	**-47**	**-41**

The following table shows the split of foreign currency derivatives by currency of denomination (currencies sold view) as at 31 December 2015:

Notional amounts in € million	USD	GBP	EUR	JPY	CHF	OTHER CURRENCIES	TOTAL
Forward contracts	644	97	635	134	76	307	1 893
Currency swaps	985	288	1 445	25	303	63	3 109
Option/collar	158	0	0	40	0	0	198
Total	**1 787**	**385**	**2 079**	**199**	**380**	**370**	**5 200**

36.2 | INTEREST RATE DERIVATIVES

The Group uses various interest rate derivative contracts to manage its exposure to interest rate movements on its borrowings. The re-pricing dates and amortization characteristics are aligned with those of the fixed rate bonds. The outstanding interest rate derivative contracts are as follows:

CONTRACT TYPE	NOMINAL VALUES OF CONTRACTS (MILLION)	AVERAGE RATE (- IS PAYER/+ IS RECEIVER)	PLUS MARGIN OF POINTS (- IS PAYER/ + IS RECEIVER)	FOR PERIODS FROM/TO		FLOATING INTEREST RECEIPTS
IRS	EUR 150	-0,87%		21-08-12	21-08-17	EURIBOR 3 Months
IRS	EUR 165	0,54%		06-12-12	10-12-16	-EURIBOR 3 Months
IRS	EUR 160	0,54%		06-12-12	10-12-16	-EURIBOR 3 Months
IRS	EUR 200	1,53%		04-10-13	04-01-21	-EURIBOR 3 Months
IRS	EUR 150	1,59%		04-10-13	04-01-21	-EURIBOR 3 Months
IRS	EUR 250	1,36%		27-11-13	27-03-20	-EURIBOR 3 Months
IRS	EUR 175	1,91%		27-11-13	02-10-23	-EURIBOR 3 Months
IRS	EUR 150	-1,12%		27-03-14	27-03-20	EURIBOR 3 Months
IRS	USD 100	-1,97%		20-11-14	22-11-21	USD LIBOR 3 Months
IRS	EUR 100	0,44%		17-12-15	02-04-22	-EURIBOR 6 Months
IRS	EUR 100	0,45%		17-12-15	02-04-22	-EURIBOR 6 Months
CCIRS	USD 70	-USD LIBOR 3 Months	-0,25%	11-03-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 60	-USD LIBOR 3 Months	-0,29%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 50	-USD LIBOR 3 Months	-0,31%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 250	-USD LIBOR 3 Months	-0,25%	10-06-13	10-12-16	EURIBOR 3 Months
CCIRS	USD 200	-USD LIBOR 3 Months	-0,16%	27-11-13	27-03-20	EURIBOR 3 Months
CCIRS	USD 230	-USD LIBOR 3 Months	-0,16%	27-11-13	02-10-23	EURIBOR 3 Months

36.3 | HEDGE OF NET INVESTMENT IN A FOREIGN ENTITY

In 2006, the Company entered into a loan agreement which was partly designated as a hedge of the net investment in the Group's U.S. operations. Following an internal corporate restructuring, this net investment hedge relationship was terminated in December 2007.

The unrealized cumulative foreign exchange gain of € 55 million has been reported in a separate component of equity, under "Net Investment Hedge" in 2007. In 2015 this gain has been reclassified to Cumulative Translation Adjustments. This unrealized gain will remain in equity and will only be recycled to profit or loss when the Group no longer holds the underlying USD assets.

37. Earnings per share

37.1 | BASIC EARNINGS PER SHARE

€	2015	2014
From continuing operations	1.38	0.60
From discontinued operations	1.87	0.50
Basic earnings per share	3.25	1.10

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.

37.2 | DILUTED EARNINGS PER SHARE

€	2015	2014
From continuing operations	1.38	0.60
From discontinued operations	1.87	0.50
Diluted earning per share	**3.25**	**1.10**

37.3 | 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	2015	2014
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	264	115
Profit/loss (-) from discontinued operations	359	94
Profit attributable to shareholders of UCB SA	**623**	**209**

DILUTED

€ million	2015	2014
Profit/loss (-) from continuing operations attributable to shareholders of UCB SA	264	115
Profit/loss (-) from discontinued operations	359	94
Profit attributable to shareholders of UCB SA	**623**	**209**

37.4 | NUMBER OF SHARES

In thousands of shares	2015	2014
Weighted average number of ordinary shares for basic earnings per share	192 082	190 456
Weighted average number of ordinary shares for diluted earnings per share	**192 082**	**190 456**

38. Dividend per share

The gross dividends paid in 2015 and 2014 were € 205 million (€ 1.06 per share) and € 202 million (€ 1.04 per share) respectively.

A dividend in respect of the year ended 31 December 2015 of € 1.10 per share, amounting to a total dividend of € 210 million, is to be proposed at the annual general meeting of the shareholders on 28 April 2016.

In accordance with IAS 10, events after the reporting period, the proposed dividend has not been recognized as a liability at year-end.

39. Commitments and contingencies

39.1 | OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

€ million	2015	2014
Less than 1 year	19	33
Between 1 and 5 years	69	97
More than 5 years	10	19
Total	**98**	**149**

The Group has a number of non-cancellable operating leases primarily related to company cars and office spaces.

The leases cover an initial period of three to five years. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals. In 2015, € 44 million (2014: € 44 million) was recognized as an expense in the income statement in respect of operating leases.

39.2 | CAPITAL COMMITMENTS

At 31 December 2015, the Group has committed to spend € 40 million (2014: € 40 million) mainly with respect to capital expenditure on installation of a new manufacuring line (Belgium) and on IT infrastructure.

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.

€ million	2015	2014
Less than one year	70	53
Between one and five years	227	341
More than five years	748	948
Total	**1 045**	**1 342**

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.

39.3 | GUARANTEES

Guarantees arising in the normal course of business are not expected to result in any material financial loss.

39.4 | CONTINGENT LIABILITIES

The Group continues to be actively involved in litigations, claims and investigations. The on-going 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.

UCB continues to be a defendant in slightly less than 4 600 Reglan product liability cases. The cases have been largely consolidated in three different jurisdictions: Philadelphia, San Francisco, and New Brunswick. Each of the cases involves claims of injury resulting from an alleged failure to warn of the risks associated with the use of metoclopramide for more than 12 weeks. The vast majority of claims involve alleged injuries sustained as a result of the use of generic metoclopramide. There are no cases currently scheduled for trial in 2015. While the Company believes it has meritorious defenses to these claims, in order to avoid the expense and distraction of litigation, the Company has entered into a confidential Master Settlement Agreement which establishes a framework to resolve all of the claims against the Company for an amount which is within the Company's existing insurance coverage limits. The Settlement is subject to sufficient participation by the plaintiffs as determined in the Company's sole discretion. The Company anticipates the Settlement to be finalized in 2016.

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 as this insurance cover will not be sufficient, the Group has accounted for a provision of € 50 million relating to these case (Note 31.3).

UCB Pharma SA (UCB) is a defendant in a litigation initiated by Desitin Arzneimittel GmbH (Desitin) pending at the district court of Hamburg (Germany). Desitin is claiming damages for the loss allegedly suffered from the enforcement of an injunction obtained by UCB against Desitin's trademark "Kepmini" which injunction was later revoked. Desitin is claiming damages in the amount of € 10 million. A court hearing was held on 17 February 2015, and subsequently proposed a settlement substantially below what Desitin is seeking. Desitin rejected the court's proposed settlement. The parties are currently awaiting a hearing date. The Company believes it has meritorious defenses against the claim.

UCB is a defendant in a litigation initiated by the Medical Research Council (MRC) which is pending in the High Court of Justice, Chancery Division in London (U.K.). The MRC is claiming damages (including interest) resulting from an alleged underpayment of certain royalties due under a license agreement with UCB in the amount of approximately £ 57 million. The Company believes it has meritorious defenses against the claim, which is currently scheduled for trial in May 2016.

In February 2015, a complaint was filed in the U.S. District Court for the Northern District of Georgia naming as defendants UCB Holdings, Inc., UCB, Inc. Defined Benefit Pension Plan, and the Administrative Committee of the UCB, Inc. Defined Benefit Pension Plan. The complaint seeks class action status and purports to assert claims for certain pension benefits on behalf of certain current and former employees of UCB, Inc. who had previously been employed by two different predecessor companies which were acquired by UCB, Inc. in the 1990s. On 6 January 2016, the court granted UCB's motion to dismiss five of the ten claims in the case. The Company believes it has meritorious defenses to the claims asserted and intends to vigorously defend this matter.

On 22 June 2015, the Company received a subpoena from the New York Attorney General's Office, Medicaid Fraud Control Unit ("NYAG"), seeking documents pertaining to alleged underpayment of Medicaid rebates for certain periods between 2002-2005. The Company is cooperating fully with the NYAG.

It is not anticipated that any other material liabilities will arise from the contingent liabilities other than those provided for in Note 31 (2014: no material liabilities).

40. Related party transactions

40.1 | INTRA-GROUP SALES AND SERVICES

During the financial years ended 31 December 2015 and 2014, 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 accompanied by the principle of 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 centralized functions and activities carried out by the UCB Group in order to optimize operations through economies of scale and scope.

40.2 | FINANCIAL TRANSACTIONS WITH RELATED PARTIES OTHER THAN UCB SA AFFILIATES

During 2015 there have been no financial transactions with other related parties other than affiliates of UCB SA.

40.3 | 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	2015	2014
Short-term employee benefits	12	11
Termination benefits	0	0
Post-employment benefits	3	4
Share-based payments	7	8
Total key management compensation	**22**	**23**

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 as further explained in Note 25. 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.

40.4 | 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.

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

	CONCERT		OUTSIDE CONCERT		TOTAL	
	VOTING RIGHTS	%	VOTING RIGHTS	%	VOTING RIGHTS	%
Financière Eric Janssen SPRL	8 525 014	19.14%	1 988 800	4.46%	10 513 814	23.60%
Daniel Janssen	5 881 677	13.20%	-	-	5 881 677	13.20%
Altaï Invest SA	4 969 795	11.16%	-	-	4 969 795	11.16%
Barnfin SA	3 899 833	8.75%	-	-	3 899 833	8.75%
Jean van Rijckevorsel	7 744	0.02%	-	-	7 744	0.02%
Total voting rights held by the reference shareholders	**23 284 063**	**52.27%**	**1 988 800**	**4.46%**	**25 272 863**	**56.73%**
Other shareholders	-	-	19 275 735	43.27%	19 275 735	43.27%
Total voting rights	**23 284 063**	**52.27%**	**21 264 535**	**47.73%**	**44 548 598**	**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.

With respect to its shareholding in UCB, Tubize is acting in concert with Schwarz, *i.e.* they have entered into an agreement concerning the concerted exercise of their voting rights in order to pursue a sustainable common policy with regard to UCB and concerning the possession, acquisition or transfer of voting securities (cf. article 3, §1, 13°, b) and c) of the Law on the disclosure of large shareholdings and article 3, §1, 5°, b) of the Law on public takeover bids).

Financière de Tubize SA and Schwarz Vermögensverwaltung GmbH & Co. KG now collectively hold 36.27% of the total number of UCB shares.

UCB and its subsidiaries also hold UCB shares (see below for an overview of their shareholdings at 31 December 2015).

The remaining UCB shares are held by the public.

Beside is an updated overview of the large shareholdings of UCB (including assimilated financial instruments) on the basis of the transparency notifications received pursuant to the law of 2 May 2007, on the disclosure of large shareholdings (situation as at 31 December 2015):

UCB CONTROLLING AND MAJOR SHAREHOLDINGS ON 31 DECEMBER 2015

	Last update: 31 December 2015			SITUATION AS PER*
	Share capital €	**583 516 974**		13 March 2014
	Total number of voting	**194 505 658**		13 March 2014
1	**Financière de Tubize SA ("Tubize")**			
	securities carrying voting rights (shares)	68 076 981	35.00%	18 December 2015
2	**Schwarz Vermögensverwaltung GmbH & Co. KG ("Schwarz")**			
	securities carrying voting rights (shares)	2 471 404	1.27%	13 March 2014
	Tubize + Schwarz[3]			
	securities carrying voting rights (shares)	**70 548 385**	**36.27%**	
3	**UCB SA/NV**			
	securities carrying voting rights (shares)	4 008 213	2.06%	31 December 2015
	assimilated financial instruments (options)[1]	1 000 000	0.51%	17 November 2015
	assimilated financial instruments (other)[1]	0	0.00%	18 December 2015
	TOTAL	**5 008 213**	**2.57%**	
4	**UCB Fipar SA**			
	securities carrying voting rights (shares)	2 242 009	1.15%	31 December 2015
	assimilated financial instruments (options)[1]	435 000	0.22%	03 June 2015
	assimilated financial instruments (other)[1]	0	0.00%	25 December 2015
	TOTAL	**2 677 009**	**1.38%**	
	UCB SA/NV + UCB Fipar SA[2]	**7 685 222**	**3.95%**	
	securities carrying voting rights (shares)	6 250 222	3.21%	
	assimilated financial instruments (options)[1]	1 435 000	0.74%	
	assimilated financial instruments (other)[1]	0	0.00%	
	Free float[4] (securities carrying voting rights (shares))	**117 707 051**	**60.52%**	
5	**Capital Research and Management Company** (subsidiary of The Capital Group Companies Inc.)			
	securities carrying voting rights (shares)	19 462 506	10.01%	13 November 2015
6	**Vanguard Health Care Fund**			
	securities carrying voting rights (shares)	9 741 353	5.01%	28 October 2015
7	**BlackRock, Inc.**			
	securities carrying voting rights (shares)	5 964 748	3.07%	30 November 2015

(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 of the Royal Decree of 14 February 2008 on the disclosure of large shareholders, which, if exercised, grant an additional voting right: *i.e.*, securities, options, futures, swaps, interest term agreements and other derivatives concerning existing securities carrying voting rights that grant their holder the right to acquire such securities carrying voting rights pursuant to an agreement that is binding under the applicable law and only on the holders' own initiative.

[2] UCB SA/NV indirectly controls UCB Fipar SA | article 6, §5, 2° and article 9, §3, 2° of the Law on the disclosure of large shareholdings.

[3] Tubize and Schwarz have declared to be acting in concert | article 6, §4 and article 9, §3, 3° of the Law on the disclosure of large shareholdings.

[4] Free float being the UCB shares not held by the Reference Shareholder (Tubize), Schwarz, UCB SA/NV or UCB Fipar SA. Only securities carrying voting rights (shares) held by these entities are taken into account for this calculation, to the exclusion of assimilated financial instruments.

41. Events after the balance sheet date

- January 2016 – In accordance with the terms of the € 300 million fixed-to-floating rate perpetual subordinated securities, UCB has notified is decision to exercise its option to redeem the securities in whole on 18 March 2016 (the First Call Date). All securities so redeemed will be cancelled thereafter. The securities are redeemable at their principal amount together with any accrued and unpaid interest thereon up to (but excluding) the First Call Date.
- January 2016 – UCB divested three cardiovascular products from its established brand portfolio to Merus Labs International Inc. (Canada). These products belong to the nitrates category of pharmaceuticals. The transaction relates to the products sold in 20 European countries, Turkey, South Korea and Mexico. The product rights were sold for a one time payment amounting to € 92 million.

42. UCB companies (fully consolidated)

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Australia		
UCB Australia Pty. Ltd. – Level 1, 1155 Malvern Road – 3144 Malvern, Victoria	100%	Celltech Group Ltd
Austria		
UCB Pharma Gesellschaft m.b.H. – Twin Tower, Wienerbergstrasse 11/12a, 1110 Wien	100%	UCB Finance NV
Belgium		
UCB Fipar SA – Allée de la Recherche 60 – 1070 Brussels (BE0403.198.811)	100%	UCB Belgium SA
UCB Biopharma SPRL – 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 Finance NV
Brazil		
UCB Farma Brasil Ltda – Alameda Araguaia 3833 (part) Tamboré – Barueri – CEP:06455-000 Sao Paulo	100%	UCB SA
UCB Biopharma SA – Alameda Araguaia 3833 Tamboré – Barueri- CEP:06455-000 Sao Paulo	100%	UCB Farma Brasil Ltda
Bulgaria		
UCB Bulgaria EOOD – 15, Lyubata Str., Fl. 4 apt. 10-11, Lozenetz, Sofia 1407	100%	UCB SA
Canada		
UCB Canada Inc. – 2060 Winston Park Drive, Suite 401 – ON L6H5R7 Oakville	100%	UCB Holdings Inc.
China		
UCB Trading (Shanghai) Co Ltd – Suite 317, 439 No.1 Fu Te Xi Yi Road, Shanghai (Waigaoqiao Free Trade Zone)	100%	UCB SA
UCB Pharma (Hong Kong) Ltd – Unit 3713-18,37F, Tower 1, Millenium City 5, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	100%	UCB Pharma GmbH
UCB Pharma (Zhuhai) Company Ltd – Section A., Workshop, No.3 Science & Technology 05th Road, Innovation Coast, National Hi-Tech Industrial Development Zone – Zhuhai Guangdong Province	100%	UCB Pharma GmbH
Czech Republic		
UCB S.R.O. – Thámova 13 – 186 00 Praha 8	100%	UCB SA

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Denmark		
UCB Nordic AS – Arne Jacobsen Alle 15 – 2300 Copenhagen	100%	UCB Finance NV
Finland		
UCB Pharma Oy Finland – Itsehallintokuja 6 – 02600 Espoo	100%	UCB Finance NV
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 Finance NV
UCB BioSciences GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Sanol GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
UCB Innere Medizin GmbH & Co. KG – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
UCB Primary Care GmbH – Alfred-Nobel-Strasse 10 – 40789 Monheim am Rhein	100%	UCB Pharma GmbH
Greece		
UCB A.E. – 63 Agiou Dimitriou Street – 17456 Alimos – Athens	100%	UCB SA
Hungary		
UCB Hungary Ltd – Obuda Gate Building Arpád Fejedelem útja 26-28 – 1023 Budapest	100%	UCB SA
India		
UCB India Private Ltd – 504, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013 Mumbai	100%	UCB SA
Uni-Mediflex Private Ltd – 504, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel – 400 013 Mumbai	100%	UCB S.A
Ireland		
UCB (Pharma) Ireland Ltd – United Drug House Magna Drive, Magna Business Park, City West Road – 24 Dublin	100%	UCB SA
UCB Manufacturing Ireland Ltd – Shannon Industrial Estate – Shannon County Clare	100%	UCB SA
Kudco Ireland Ltd [1] – Shannon Industrial Estate – Shannon County Clare	100%	Kremers Urban Pharmaceuticals Inc.
UCB Biopharma Ireland LTD – Shannon Industrial Estate – Shannon County Clare	100%	UCB Biopharma SPRL.
Italy		
UCB Pharma SpA – Via Varesina 162 – 20156 Milano	100%	Celltech Group Ltd
Japan		
UCB Japan Co Ltd – Shinjuku Grand Tower, 8-17-1 Nishi-Shinjuku 160-0023 Shinjuku, Tokyo	100%	UCB SA
Luxembourg		
Edev S.à r.l. – Rue Eugène Ruppert, 5C – 2453 Luxembourg	0%	n/a
Phase III Development Company S.à r.l. – Avenue de la Gare, 41 – 1611 Luxembourg	0%	n/a
UCB Lux SA – Rue Eugène Ruppert, 12 – 2453 Luxembourg	100%	UCB SA
Malaysia		
UCB Trading (Malaysia) Sdn. Bhd. – 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	CONTROLLING PARTNER
Mexico		
UCB de Mexico SA de C.V. – Homero #440, 7fl Col. Chapultepec Morales – 11570 Mexico D.F.	100%	UCB SA
Vedim SA de C.V. – Homero #440, 7fl Col. Chapultepec Morales – 11570 Mexico D.F.	100%	Sifar SA
Netherlands		
UCB Finance N.V. – Lage Mosten 33 – 4822 NK Breda	100%	UCB SA
UCB Pharma B.V. (Netherlands) – Lage Mosten 33 – 4822 NK Breda	100%	UCB Finance NV
Norway		
UCB Pharma A.S. – Grini Naeringspark 8b – 1361 Osteras, Baerum	100%	UCB Finance NV
Poland		
Vedim Sp. z.o.o. – Ul. Kruczkowskiego 8 – 00-380 Warszawa	100%	Sifar SA
UCB Pharma Sp. z.o.o. – Ul. Kruczkowskiego 8 – 00-380 Warszawa	100%	UCB SA
Portugal		
UCB Pharma (Produtos Farmaceuticos) Lda – Rua Victor Câmara, Edifício Q 60, D. Maria I, Piso 1, Fracção D, Quinta da Fonte, 2770-229 Paço de Arcos	100%	Vedim Pharma SA
Romania		
UCB Pharma Romania S.R.L. – 40-44 Banu Antonache, 4th fl., district 1 – 011665 Bucharest	100%	UCB SA
Russia		
UCB Pharma LLC – Shturvaluaya 5 bldg 1 – 125364 Moscow	100%	UCB SA
UCB Pharma Logistics LLC – Perevedenovky pereulok 13 bldg 21 – 105082 Moscow	100%	UCB SA
Singapore		
UCB Trading (SG) Pte. Ltd. – 8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower 1, 18981 Singapore	100%	UCB SA
South Korea		
Korea UCB Co Ltd. – 5th Floor Grace tower 127 Teheran-ro (Yeoksam -dong), Gangnam – gu, 135-911 Seoul	100%	UCB SA
Spain		
Vedim Pharma SA – Paseo de la Castellana 141, Planta 15 – 28046 Madrid	100%	UCB SA
UCB Pharma SA – Paseo de la Castellana 141, Planta 15 – 28046 Madrid	100%	Vedim Pharma SA
Sweden		
UCB Pharma AB (Sweden) – Stureplan 4C 4 van – 11435 Stockholm	100%	UCB Finance NV
Switzerland		
UCB Farchim SA (A.G. – Ltd.) – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements S.A
UCB Investissements SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Finance NV
Doutors Réassurance SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
UCB-Pharma AG – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
Medeva Pharma Suisse SA – Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
UCB Medical Devices SA – ZI de Planchy, Chemin de Croix Blanche 10 – 1630 Bulle	100%	UCB Investissements SA
Taiwan		
UCB Pharmaceuticals (Taiwan) Ltd – 10 F., No.287, Sec.3, Nanjing E. Road, Songshan Dist. – 10595 Taipei	100%	UCB SA

NAME AND OFFICE	HOLDING	CONTROLLING PARTNER
Thailand		
UCB Trading (Thailand) Ltd – 998 Sathorn Square, 37/F, Room 3780, North Sathorn Road, Khwaeng Silom, Khet Bangrak – 10500 Bangkok	100%	UCB SA
Turkey		
UCB Pharma A.S. – Palladium Tower, Barbaros Mah., Kardelen Sok. No.2, Kat.24/80 – 37746 Istanbul	100%	UCB Lux SA
U.K.		
UCB Fipar Ltd, subs. of UCB Inc. – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Inc.
Fipar U.K. Ltd, subs of UCB Fipar Ltd. – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Fipar Ltd
UCB (Investments) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Lux SA
Celltech Group Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB (Investments) Ltd
Celltech R&D Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Ireland – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Lux SA
Celltech Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
Darwin Discovery Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
UCB Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	Celltech Group Ltd
International Medication Systems (U.K.) Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	100%	UCB Pharma GmbH
Schwarz Pharma Ltd – 208 Bath Road – SL1 3WE Slough, Berkshire	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 Finance NV
Fipar U.S. Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	Fipar U.K. Ltd
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 Pharco Inc. – 300 Delaware Avenue 9th floor – 19801 Wilmington, Delaware	100%	UCB Inc.
Celltech U.S. LLC – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington Delaware	100%	Celltech Group Ltd
UCB Manufacturing Inc. – Corporation Trust Center, 1209 Orange Street – 19801 Wilmington, Delaware	100%	UCB Inc.
UCB Technologies Inc. – C T Corporation System, 111 Eight Avenue, NY, 10011 New York	100%	UCB Manufacturing Inc.
Upstate Pharma LLC – C T Corporation System, 111 Eight Avenue, NY, 10011 New York	100%	UCB Inc.
Kremers Urban Pharmaceuticals Inc.[1] – 251 E. Ohio Street Suite 1100 – 46204 Indianapolis	100%	UCB Manufacturing Inc.

[1] These companies have been disposed of as per 25 November 2015 and are included in the Consolidated Income Statement under discontinued operations for 2014 and 2015 (up till November 25, 2015).

Françoise & Miranda
UCB

05. RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge, the consolidated financial statements as of 31 December 2015, 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 Detlef Thielgen (CFO) on behalf of the Board of Directors.

Alun,
living with Parkinson's disease

06. REPORT OF THE STATUTORY AUDITOR

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts of the company UCB SA/NV as of and for the year ended 31 December 2015

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement and the consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of UCB SA ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated statement of financial position amounts to EUR 10.956 million and the consolidated income statement shows a profit for the year (attributable to equity holders) of EUR 623 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of directors and the company's 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.

Unqualified Opinion

In our opinion, the consolidated financial statements set forth on pages 71 – 149 give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2015 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the context of our mandate 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, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements set forth on pages 29-68 includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 25 February 2016

The Statutory Auditor

PwC Réviseurs d'Entreprises sccrl/Bedrijfsrevisoren bcvba

Represented by

Romain Seffer*

Registered Auditor

* Romain Seffer SC SPRL
Board Member, represented by its permanent representative, Romain Seffer

Kenichiro,
living with
rheumatoid arthritis

07. ABBREVIATED STATUTORY FINANCIAL STATEMENTS OF UCB SA

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 certify that the non-consolidated financial statements of UCB SA for the year ended 31 December 2015 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)

2. Balance sheet

€ million	AT 31 DECEMBER 2015	AT 31 DECEMBER 2014
ASSETS		
Formation expenses	20	21
Intangible assets	0	0
Tangible assets	8	8
Financial assets	7 727	7 273
Fixed assets	**7 755**	**7 302**
Amounts receivable after more than one year	1 049	1 559
Amounts receivable within one year or less	46	37
Short-term investments	201	101
Cash at bank and on hand	93	101
Deferred charges and accrued income	20	33
Current assets	**1 409**	**1 831**
Total assets	**9 164**	**9 133**
LIABILITIES		
Capital	584	584
Share premium	1 999	1 999
Reserves	3 023	3 232
Profit brought forward	191	19
Equity	**5 797**	**5 834**
Provisions	56	50
Provisions and deferred taxes	**56**	**50**
Amounts payable after more than one year	1 310	1 761
Amounts payable within one year or less	1 923	1 400
Accrued charges and deferred income	78	88
Current liabilities	**3 311**	**3 249**
Total liabilities	**9 164**	**9 133**

3. Income statement

€ million	AT 31 DECEMBER 2015	AT 31 DECEMBER 2014
Operating income	91	53
Operating charges	-151	-114
Operating result	**-60**	**-61**
Financial income	388	305
Financial charges	-153	-167
Financial result	**235**	**138**
Operating result before income taxes	**175**	**78**
Exceptional income	0	30
Exceptional charges	-2	-4
Exceptional result	**-2**	**26**
Profit before income taxes	**173**	**103**
Income taxes	-1	-2
Profit for the year available for appropriation	**172**	**101**

4. Appropriation account

€ million	AT 31 DECEMBER 2015	AT 31 DECEMBER 2014
Profit for the period available for appropriation	172	101
Profit brought forward from previous year	19	123
Profit to be appropriated	**191**	**224**
To legal reserve	0	-3
To other reserves	0	0
Withdrawal from capital and reserves	**19**	
From capital and share premium account	0	
From reserves	19	
Appropriation to capital and reserves	**0**	**-3**
Profit to be carried forward	0	-16
Result to be carried forward	**0**	**-16**
Dividends	-210	-205
Profit to be distributed	**-210**	**-205**
If the proposed allocation of the profit is approved, the total gross dividend will be fixed at:	€ 1.10	€ 1.06
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:	€ 0.803	€ 0.795

The activities of UCB SA generated in 2015 a net profit of € 172 million after income taxes. After taking into account the profit brought forward of € 19 million, the amount available for distribution is € 191 million.

The issued share capital of UCB SA is represented by 194 505 658 shares without par value as per 31 December 2015.

Per 4 January 2015, UCB SA owns 4 008 213 own shares in order to honour 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 € 1.10 per share. If this dividend proposal is approved by the General Meeting on 28 April 2016, the net dividend of € 0.803 per share will be payable as of 3 May 2016 against the delivery of coupon #19. The shares held by UCB SA are not entitled to a dividend. Per 4 January 2016, 190 497 445 UCB shares are entitled to a dividend, representing a total distribution of € 210 million. This amount may fluctuate depending 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 2015 will be adapted accordingly.

5. Summary of significant accounting principles

The Board of Directors made the following decisions in accordance with the Article 28 of the Royal Decree of 30 January 2001 on implementing the company code.

5.1 | INTANGIBLE ASSETS

Research and development costs have been capitalised as intangible assets at their purchase or at cost. These capitalised costs have been entirely depreciated in the year but the difference between the actual amount of depreciation taken in the year and the gross amount capitalised has been treated as a write-back of depreciation on the exceptional income.

A straight-line depreciation rate of 33.33% has been applied to these costs, based on a three-year life considering "pro rata temporis". The depreciation of the purchase price of patents, licenses and similar items is either in accordance with a prudent assessment of the economic life of such intangible assets or at a minimum rate equal to that of the assets required to handle the patent or process, or by a fixed period of the depreciation not lower than five years considering "pro rata temporis".

5.2 | TANGIBLE ASSETS

Tangible assets purchased from third parties have been included in the balance sheet 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%

5.3 | FINANCIAL ASSETS

Shareholdings have been valued in accordance with the proportion held in shareholders' funds of the company concerned. Shareholdings which are not included in the scope of the consolidation have been valued at cost. A specific write-down has been made whenever the valuation made each year shows a permanent loss in value.

5.4 | 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.

5.5 | 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 balance sheet date rate. Realised and unrealised exchange differences on foreign currency transactions are recognised in the income statement.

5.6 | 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.

Keren,
living with epilepsy
(DR Congo)

08. CORPORATE SOCIETAL RESPONSIBILITY PERFORMANCE REPORT

1. INTRODUCTION

UCB aims to be the patient preferred biopharma leader, offering solutions to assist people living with severe chronic diseases and their families, and to diminish its ecological footprint. UCB considers *"**health**"* and *"**improving sustainability**"* critical components of its social, economic and environmental engagement of improving lives of people living with severe diseases.

The 2015 Corporate Societal Responsibility (CSR) Performance Report provides data on materiality aspects considered important to UCB. UCB decided to structure the 2015 CSR Performance Report *"**in accordance**"* with the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting indicators.

JANUARY

Peter, UCB with 2 staff of the health center in Shyira

Field visit to Rwanda

To support a doctoral thesis research and build a neurology academic platform, field visits were organized to health centers in Kigali, Musanze and Shyira

FEBRUARY

Guy, UCB with Ernest and Ghislain of the Brothers of Charity Congo.

Field visit to DR Congo

In order to provide continuous support a field visit allowed measuring the impact on Kipushi and Likasi epilepsy outreach programs

APRIL

Occupational Safety Campaign

A *"World Day for Safety and Health at Work"* with an occupational safety campaign that was organized and supported by employees engaging in initiatives in 17 sites

MAY

Dr Li ChuanXiang, treating patients with epilepsy

Training for Chinese village doctors

A tailored training program was offered to 100 village doctors of minority populations from remote areas of the Yunnan province

JUNE

Stakeholder dialogue in China

Village doctors from Yunnan, nursing staff from Chengde and pediatric neurologists from Fuzhou, Kunming and Shiyan joined a round-table discussion describing their needs in continuous education

2015

JULY

Bike ride for Africa

To attend the NewMedicines™ Annual Conference, 9 colleagues biked from Slough (U.K.) to Brussels (Belgium), fund-raising for new EEG equipment supporting the CSR initiative in DR Congo

SEPTEMBER

Green team in Braine-l'Alleud (Belgium) distribute re-usable mugs

Number Green Teams increasing

A growing number of employees join local Green Teams aimed at greening their daily working environment

Africa multi-country epilepsy stakeholder dialogue

In Ghana, UCB participated in a global collaborative meeting with representatives of 12 African countries to define country roadmaps to reduce the epilepsy burden

NOVEMBER

Community health in China

YaoYang nursing staff and principals attended a training program to share their knowledge and insights with colleagues in Yangzhou, and expressed their eagerness for more education

AUGUST

Field visit to Myanmar

The Hlegu Township achieved a remarkable 65.9% reduction in treatment gap, only one year after the implementation of the epilepsy awareness program.

Win Win, living with epilepsy (Myanmar)

DECEMBER

Dynamic Team for Charity

Throughout the year, the Dynamic Team for Charity in Braine-l'Alleud (Belgium) created several activities generating financial support for CSR projects

Global Green Challenge

A recovery plan for expired medication; the winning idea of the Global Green Challenge, implemented at selected pilot sites

Defining subjects important to UCB's corporate responsibility involved discussions with various stakeholders.

Material aspects are closely aligned with UCB's "*Inspired by patients. Driven by science*". At UCB, the patient is central in identifying innovative and sustainable solutions and serves as our motivation in reducing the gap in access to individualized care and helping them navigate their life-long healthcare journey.

During 2015 UCB organized meetings with various stakeholders, important to the business and to society, in order to identify corporate responsibility subjects important to the company and to key external stakeholders. Those stakeholders represented patients, care givers, health care professionals, patient organizations, health authorities, health institutions, foundations, non-governmental organization, non-for-profit organizations, investors, academics, payers, pharmaceutical companies and suppliers, among others. So called "*Patient-value table*" meetings brought stakeholders together and allowed UCB to gain better insights in those subjects that matter to them and to the company. It allowed determining the expectations always considering the patient at the heart of our vision. Indeed, caring for patients is the essence of our company.

The regular meetings were organized at global, regional and country levels and stakeholders engaged without restrictions on the subjects to be discussed. On average, two stakeholders' dialogue meetings were organized in the different UCB operations on a monthly basis.

The topics and needs described were multiple and very layered reflecting different levels and viewpoints of the different academic, scientific, local and global communities. Different stakeholders supported the five aspects considered material to UCB. These aspects are reported in the 2015 Corporate Societal Responsibility (CSR) Performance Report.

These material aspects (MA), similar to last year's material aspects, are:

1. performing business responsibly and ethically;
2. improving access to care for persons with severe chronic diseases;
3. facilitating environmental sustainability across UCB's world-wide operations;
4. engaging in actions to improve access to care for persons living with epilepsy in resource-poor countries; and
5. employee engagement.

For the MA-2 UCB invited stakeholders to address disease areas within the company's strategy. For the MA-4, stakeholders were invited to consider only support to persons living with epilepsy in resource-poor countries. In absence of GRI G4 indicators for MA-4 and MA-5, customized indicators were developed by the CSR department. Additional material aspects, evaluated during the dialogues with different stakeholders, were deemed not material to the company; nevertheless, UCB will continue monitoring these.

Dieumerci, living with epilepsy (DR Congo)

Material aspects are closely aligned with UCB's "*Inspired by patients. Driven by science*".

Conducting business ethically and responsibly as well as reducing the environmental impact is equally critical for those stakeholders. Several stakeholders, especially health care providers, patients, patient organizations and academics, encouraged to further strengthen the CSR patient initiatives in Africa and South-East Asia. Those initiatives offer access to education and care to health care providers and to persons living with epilepsy and their families in resource-poor countries.

UCB's senior management adopted a comprehensive review of factors contributing to economic, environmental and societal sustainability. It resulted in a new business model with an alignment of UCB's talents; tailored to enhance accountability, preparation and engagement for the future as well as to advance growth and opportunities. UCB talents are the key to the material aspect *"care for patients living with severe chronic diseases"* business model.

Employee engagement is a fundamental material aspect of UCB's vision. Active interactions between employees are encouraged to appreciate the way we are profoundly connected and how we are prepared to embrace the insights of patients.

The commitment of employees to be inspired by patients and driven by science is present every day.

4. RESPONSIBLE AND ETHICAL BUSINESS CONDUCT

UCB is strongly committed to a culture of integrity, transparency and ethical leadership.

UCB's values statement articulates the core principles and values governing how the organization operates and how decisions are made. It serves as a tool to help employees understand what influences the decision-making process based on integrity, transparency and ethics. The company's success depends on the integrity of its employees.

Aye Aye, living with epilepsy (Myanmar)

UCB's Code of Conduct establishes the boundaries and outlines the expectation for UCB colleagues' behaviors. The Code of Conduct calls for *"Performance with Integrity"* outlining UCB's binding principles of business conduct and ethical behavior expected from every colleague and third parties acting on behalf of UCB. It includes topics like conflict of interest, confidentiality, compliance, anti-bribery and anti-corruption respectfulness, human rights and child labor policies, among others.

The Code of Conduct is one of three mandatory trainings. The training is required to be completed by every colleague and is to be repeated every year.

The Compliance Office organized a Compliance & Ethics Week in May 2015 with town hall meetings on transparency, anti-bribery, anti-corruption and data privacy.

In addition, in October 2015, the Compliance Office supplemented the Code of Conduct with a new anti-bribery and anti-corruption training module, available in 14 languages.

This new training module is intended to help colleagues to achieve a better understanding of the wider scope of risks related to bribery and corruption, how to identify those risks, how to avoid them and how to report them when they observe questionable behaviors.

UCB provides colleagues all necessary tools to focus on bringing quality care to persons living with severe chronic diseases.

4.1 | HUMAN RIGHTS, ANTI-BRIBERY AND ANTI-CORRUPTION

UCB incorporated the United Nations Global Compact (UNGC) ten principles on human rights, labor and environment in the Code of Conduct. In addition, UCB subscribes to the four categories of fundamental principles and rights at work as detailed in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. The Code of Conduct encompasses those different guidelines (see Code of Conduct on UCB's external website, under the subsection *"Governance"*).

UCB has a process to engage suppliers, contractors and agents for the adherence to human rights, anti-corruption, anti-bribery and child labor and no significant risks have been identified. UCB's Global Internal Audit department routinely audits UCB operations for potential risks related to the risk areas identified above.

In 2015, all operations were assessed for compliance-related risks and no incidents of corruption or bribery were identified.

4.2 | RELATIONS WITH PUBLIC AUTHORITIES

UCB made no significant political contributions in any of the countries in which it operates.

Although UCB is not reporting significant issues or formal policy positions in 2015, UCB is actively connected with public policy makers, regulators and other stakeholders.

Countries in which UCB does business have laws and regulations regarding corporations' involvement in the political process. Some of these laws set strict limits on contributions by corporations to political parties and candidates, whereas some laws prohibit them altogether.

In 2015, UCB was not involved in any action regarding laws and regulations relative to anti-competitive behavior, anti-trust or monopoly.

4.3 | RELATIONS WITH INDUSTRY ASSOCIATIONS

UCB is a member of several global and local trade associations, *e.g.*, Biotechnology Industry Organization (BIO, U.S.), European Federation of Pharmaceutical Industries and Associations (EFPIA, Belgium), Japan Pharmaceutical Manufacturers Association (JPMA, Japan), R&D-based Pharmaceutical Association Committee (RDPAC, China) and International Federation of Pharmaceutical Manufacturers & Associations (IFPMA, Switzerland).

Considering the strategic importance, several colleagues actively participate in various taskforces, projects and committees dealing with current sector issues, *e.g.*, Health Safety and Environment, Intellectual Property, Public Policy, Global Health and Compliance, among others. As an example, Jean-Christophe Tellier is member of the Board of EFPIA and Chair of the "*Innovation*" EFPIA Board Sponsored Committee to address solutions in the area of innovation and pharmaceuticals.

No funding beyond the routine annual memberships is provided.

UCB is also member of various chambers of commerce, associations and initiatives for sustainable development, *e.g.*, Shift (Belgium), Essenscia (Belgium), *etc*.

UCB is part of the Pharmaceutical Industry Initiative to Combat Crime (PIICC), an Interpol and pharmaceutical sector partnership with the focus on the prevention of all types of pharmaceutical crime including counterfeiting of both branded and generic drugs. UCB is also part of the Transported Asset Protection Association (TAPA), Rx-360 (an International Pharmaceutical Supply Chain Consortium) and EFPIA Security Forum, to work together with other stakeholders, allow benchmarking, jointly identify and discuss solutions and ensure product integrity and transparency across the supply chain.

In order to foster and to accelerate clinical study value-creation for patients with severe diseases, UCB partners with the TransCelerate BioPharma Inc. platform. This platform facilitates the interfaces on study-related matters with industry organizations, *e.g.*, Association of Clinical Research Organization (ACRO), Coalition for Accelerating Standards and Therapies (CFAST), Clinical Trials Transformation Initiative (CTTI) and SCRS Society for Clinical Research Sites (SCRS) and global regulatory authorities. Representatives from clinical research organizations, patient programs, academia from renowned medical schools, *e.g.*, University of Oxford, Cleveland Clinic, *etc.*, pharmaceutical companies, and authorities outline adaptive research models driving patient-driven solutions offering streamlined study design of innovative drugs.

4.4 | ANIMAL WELFARE

UCB acts as a responsible company in the management of animal welfare in all animal studies. Laboratories and research units involved in animal studies are adhering to the standard policies based on the latest scientific findings.

UCB participates in the U.K. Animal Welfare Principles and 3Rs initiatives.

UCB also subscribed to the U.K Concordat on Openness on Animal Research with the objective of being transparent on the use of animals in research.

Of the animals that UCB researchers and contractors use in experiments, 99% are rodents. Non-human primates, dogs, minipigs and rabbits account for the remaining 1%.

4.5 | SUPPLY CHAIN

The supply chain is a functionally organized entity with strong centralized governance and with direct links with UCB's departments, related product-franchises as well as commercial geographies. The key value in the organization is an effective central governance of the external network of suppliers, contract manufacturing organizations, contract laboratories, carriers, third-party logistics and commercial distributors; whereby risk management is a major component.

Colleagues of the purchasing department are organized in a network and are located in 19 countries. They are overlooking and interacting over 12 000 different suppliers, predominantly in five countries, *i.e.*, Belgium, Germany, Switzerland, U.K. and U.S.

The Supply Chain Security Council reviews product and supply chain security and oversees UCB's global anti-counterfeiting strategy to ensure the health of patient and the public health. The cross-functional team of the Council is responsible to address, detect, mitigate and prevent risks originating from potential intentional adulteration, theft, counterfeit or diversion of products that may threaten patient safety.

4.6 | PRODUCT RESPONSIBILITY

PROMOTION AND SALES

In 2015, no substantiated customer data privacy complaints were identified and no breaches or loss of customer data have been reported or identified following internal audits.

UCB is strongly committed to comply with all applicable laws, regulations and industry codes, *e.g.*, Directive of the European Parliament and of the Council on the Community Code relating to medicinal products for human use, EFPIA, IFPMA and PhRMA, among others.

UCB's interactions with healthcare professionals focus on providing and exchanging information with the ultimate objective of enabling healthcare professionals to select the most appropriate treatment for their patients. These interactions are based on standards of ethics, integrity and fair market value.

MARKETING COMMUNICATIONS AND UNSOLICITED REQUESTS

Promotional, press and scientific communication relating to our compounds and products are submitted to the global or local promotional scientific review committees, with members duly trained.

In 2015, a total of 869 global communications were reviewed.

UCB has internal processes for deciding how to respond to each and every request.

In 2015, UCB received an average of 3 690 questions per month on our products (29% Cimzia®, 14% Vimpat®, 11% Neupro® and 54% other products).

CUSTOMER SATISFACTION

UCB has implemented different satisfaction programs for patients and healthcare professionals. These programs are executed by an external party on an annual basis.

While the results of the patients' and healthcare providers' satisfaction surveys are overall positive, results are considered proprietary and, as such, are not publicly reported.

PATIENT AND DRUG SAFETY

All of UCB's products are subject to labelling and to an ongoing benefit-risk assessment.

One key obligation of UCB and its colleagues is the monitoring of the safety profile of our products. Like other biopharmaceutical companies, every year UCB receives thousands of adverse event reports from various people (*e.g.*, patients, physicians, pharmacists, *etc.*). These reports along with other internal and external data (*e.g.*, literature, external databases, *etc.*) are reviewed and analyzed by our safety teams in order to identify potential safety signals which may be associated with our medicines. The objective of these reviews is to help ensure that the benefit-risk profile of our medicines is clearly communicated and to ensure appropriate actions are taken to minimize potential risks to patients. These benefit-risk assessments, including the product labeling, are reviewed at a multi-disciplinary Benefit-Risk Board at regular intervals.

In 2015, over 40% of products were reviewed.

In accordance with regulations, UCB provides information about individual adverse event reports, periodic summary reports and benefit-risk assessments to the Health Authorities.

In 2015, UCB continued to complete inspections by regulatory authorities without critical findings.

In addition, UCB is strongly committed to provide quality products and has not engaged in sales of banned or disputed products in any of the markets in which it operates.

Younes, UCB

4.7 | RECOGNITION AND REWARDS

The company's commitment of access to healthcare, reducing the treatment gap for underprivileged persons and to perform business ethically and responsibly is taken seriously. Efforts were recognized in 2015 by companies such as the London Stock Exchange's FTSE4Good Index and ECPI.

5. CARE FOR PATIENTS LIVING WITH SEVERE CHRONIC DISEASES

At the core of UCB's mission is the improvement of the life of persons living with severe chronic diseases involving enhanced access to existing treatments and a tailored design and clinical development of new molecules.

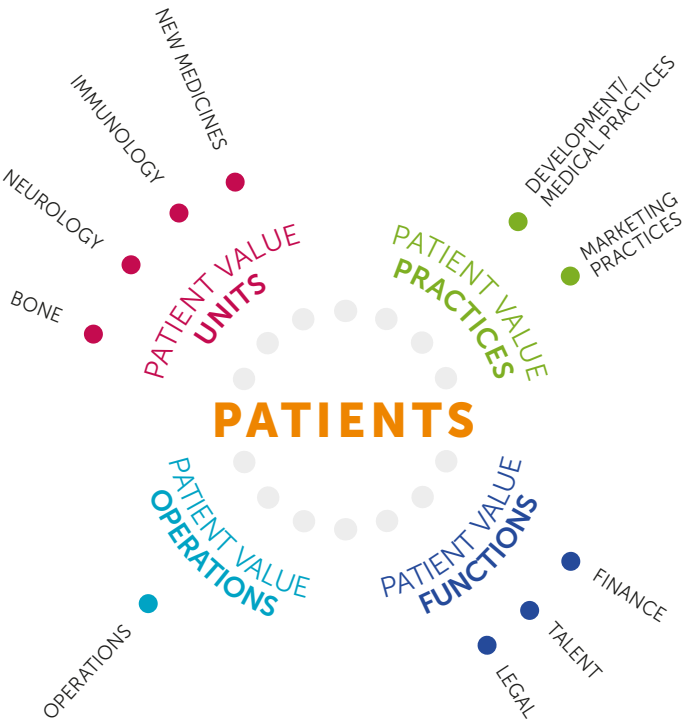
UCB's ability to make a significant difference to the lives of people living with severe diseases depends on the talent and commitment of our people. Data of human resources, talents, societal and environmental parameters are being presented according to Global Reporting Initiative (GRI) G4 Sustainability Reporting Indicators. Whereas, in 2014, UCB was compliant with the GRI G3+ indicators, the company decided to re-analyze these 2014 data in accordance to the GRI G4 indicators, enabling a review of the progress between 2014 and 2015 on different indicators.

5.1 | ORGANIZATIONAL CAPABILITIES

In 2015, UCB strengthened the "*Patient Value Organization*" to be prepared to become the patient preferred biopharma leader. The shared purpose "*create value for patients*" is the foundation of our inspiration and determines our actions, stimulates acting responsibly, being accountable, being engaged and demonstrating agility.

With this ambition at the core, each decision is looked at afresh by each function considering the overarching principle that the patient is at the heart of UCB processes and planning. As a consequence, UCB organized the workforce into four "*Patient Value Organization*" pillars.

UCB adopted this approach to enable a proper resource allocation, to foster cultural diversity, to integrate and to exhibit strong and inclusive leadership whilst executing the company's vision.



5.2 | TALENT

End 2015, UCB employed 7 788 people world-wide, composed of 68 nationalities with a strict balance between women and men.

In 2015, 1 147 new colleagues joined, whereas 1 987 colleagues left the company. Two divestments were completed and a total of 1 013 colleagues were incorporated in the acquiring companies.

UCB is present in 40 countries. A total of 55% of colleagues are located in Europe, 15% in U.S. and 30% in the international markets, including Japan.

UCB fosters diversity of their talents. It is pivotal for UCB to engage dedicated staff to execute strategies in a highly connected, collaborative, innovative and learning way as to successfully implement UCB's engagements and to deliver superior and sustainable value for patients.

TALENT, CULTURE AND INTEGRATION

Alert to culture integration, UCB stimulates staff of affiliates to take responsibilities fostering cultural diversity and integration. This incorporation facilitates the understanding of decision making processes, setting of priorities and human interactions. It accelerates acceptance, integration and creates an intense network; a fundamental basis supporting UCB business objectives.

Several staff from various countries took assignments in different parts of the world.

TALENT AND LEADERSHIP DEVELOPMENT

In 2015, UCB continued the "*leadership pipeline*" training programs. These programs prepare UCB's new leaders for successful performance in future roles by teaching skills and behaviors that will be required as they transition into new positions and provide a place to practice those skills and obtain feedback.

The "*Accelerate*" course provides insight on a transition from an individual contributor to manager of others; 59 colleagues started this course in 2015. The "*Navigate*" course expands on a transition from manager of others to manager of managers; 65 colleagues were enrolled in the course.

TALENT AND DIVERSITY

At UCB, employee engagement and work culture are vital.

In 2015, employee engagement continued to build on what brings people together – UCB's dedication to patients – while leveraging the broad diversity of UCB people across the world.

The work culture demands active sharing and collecting insights from patients and other stakeholders. It demands an inspired sharing among each other in order to co-own a different future of a sustainable well-being society.

UCB's ability to understand colleagues' way of working across nations, culture and education and our commitment to live values without boundaries builds the company that unites us. Also in 2015 UCB continued its Diversity & Inclusion initiatives in several countries.

In countries with staff above 150 people, *i.e.*, Belgium, Brazil, China, Germany, Japan, Mexico, Switzerland, U.K. and U.S., 81% of the leadership teams are from the country and the split between women and men is 37% and 63% respectively.

A first example is the U.S. Women in Leadership (WiL) initiative. WiL is very active and is open to multiple sites, home offices and field-based staff. Members of the Executive Committee participated in an "*Inspired by Diversity*" panel discussion with more than 200 colleagues.

A second example is China where close to 200 colleagues of UCB's affiliate in China, Japan, India, Australia and South-Korea joined the Women with Intelligence, Strength and Equality (WISE) group.

TALENT AND REVIEW

Talent reviews are designed to identify key talents based on the organizational needs. UCB assesses talents based on their sustained performance and their growth potential. A key outcome is the design and implementation of tailored development plans. The process also assists in the identification and preparation of successors for our business critical positions.

In 2015, UCB reviewed 5 813 employee and identified 1 892 as talents for the future (310 of which were identified as Top Talents).

UCB is also driven by a high performance culture with an annual cycle of SMART objective setting, mid-year reviews of those objectives and year-end final appraisals with on-going measurable performance feedback throughout the year. Employees are invited to concentrate on value-driven actions and outcomes.

By February 2016, already 90% of staff completed the 2015 review cycle.

Employees are acknowledged and rewarded for their individual contributions to the company success.

TALENT, TRAINING AND KNOWLEDGE SHARING

Initiatives of knowledge sharing of skills are pivotal in the development of our colleagues.

Every year, the training community creates programs targeting personal and technical development to ensure UCB has the essential skills to move forward in our journey to be the patient-preferred biopharma leader transforming lives of people living with severe diseases. Training and development is the basis of continuous improvement for our people.

UCB continues to adopt a blended approach to training. While much of the training consists of interactive on-line training, UCB appreciates instructor-led training and on the job coaching.

In 2015, UCB invested € 14.9 million in training and developing our colleagues offering different training modules. The majority of the trainings have now been designed to be on-line. The average number of training hours per participating employee was 20 hours, representing a total of 181 448 hours.

A total of 5 417 hours were spent on the Code of Conduct training that includes human rights policies relevant to UCB. The training hours for women and men are 43% and 57% respectively.

In addition, UCB demands all employees to complete the mandatory corporate trainings, *i.e.*, Code of Conduct, IT Security and Drug Safety. A total of 92% of employees completed the Code of Conduct, IT Security and Drug Safety trainings.

5.3. | WELL-BEING AT WORK

UCB creates a positive and creative environment where both the individual and company objectives are met and people are fostered to express their talents and acquire new skills.

In March, Slough campus (U.K.) ran a *"Be Well Week"* packed with well-being initiatives and an employee benefits' fair. During this successful week a new *"well-being strategy"* for the U.K. and Ireland was promoted. In addition *"well-being forum"* was organised with representatives transversally throughout the business to consult on well-being.

The Braine-l'Alleud team (Belgium) implemented health and well-being program following the feedback over 1 000 staff. This health and well-being program was based on five key drivers: "*information*", "*prevention*", *"physical well-being*", "*mental well-being*" and "*having fun at work"*, carefully tailored to departments across the organization.

5.4. | HEALTH AND SAFETY

The Lost Time Incident Rate (LTIR) for 2015 was calculated at 2.77 incidents with more than one day of absence per million hours worked. The Lost Time Severity Rate (LTSR) was calculated at 0.03 day lost per 1 000 hours worked.

In 2015, no fatalities occurred as a result of work-related incidents.

UCB has no operations whereby workers show high incidence or are exposed to high risk of occupational diseases.

During 2015, UCB continued managing risk areas identified during regular health and safety reviews, also performed at key Contract Manufacturing Organizations. A first three-year roadmap for strengthening the occupational hygiene program yielded the necessary positive results. A new three-year program (2016-2018) will focus on creating intrinsically safe installations and on employee training.

In 2015, UCB launched the *"Take a Second. Safety First"* behavioral safety campaign aimed at raising awareness about key causes of accidents: slips, trips & falls; road accidents and manual handling. The global campaign in 17 sites was supported by more than 40 initiatives engaging UCB colleagues. These initiatives included a wide variety of workshops aimed at identifying hazards in a fun way. Sessions in understanding key causes of accidents, drivers' training, vehicle safety or simulations in falling down stairs, rolling cars as well as drawing competitions for children and climbing walls, among other activities were organized.

Whereas the installations and high-technology equipment are by design increasingly safe and sound, health and safety management systems and procedures are applied. UCB's health and safety strategy promotes *"safe behavior"* as a third pillar. As a proportion of accidents are caused by unsafe behavior promotion of safe behavior is important.

5.5 | INVOLVEMENT WITH LOCAL COMMUNITIES AND CHARITY

As part of our commitment to patients, UCB supports a number of programs for patients and their families.

Considering donations exceeding € 10 000, UCB spent in 2015 more than € 5 043 000 in community sponsorships and charitable donations worldwide, including CSR initiatives. An amount of € 1.6 million annually is reserved for the ongoing CSR patient initiatives. In 2016, an exceptional € 1 million grant was provided to the UCB Societal Responsibility Fund of the King Baudouin Foundation to support new CSR initiatives, reaching persons living with epilepsy in resource-poor countries.

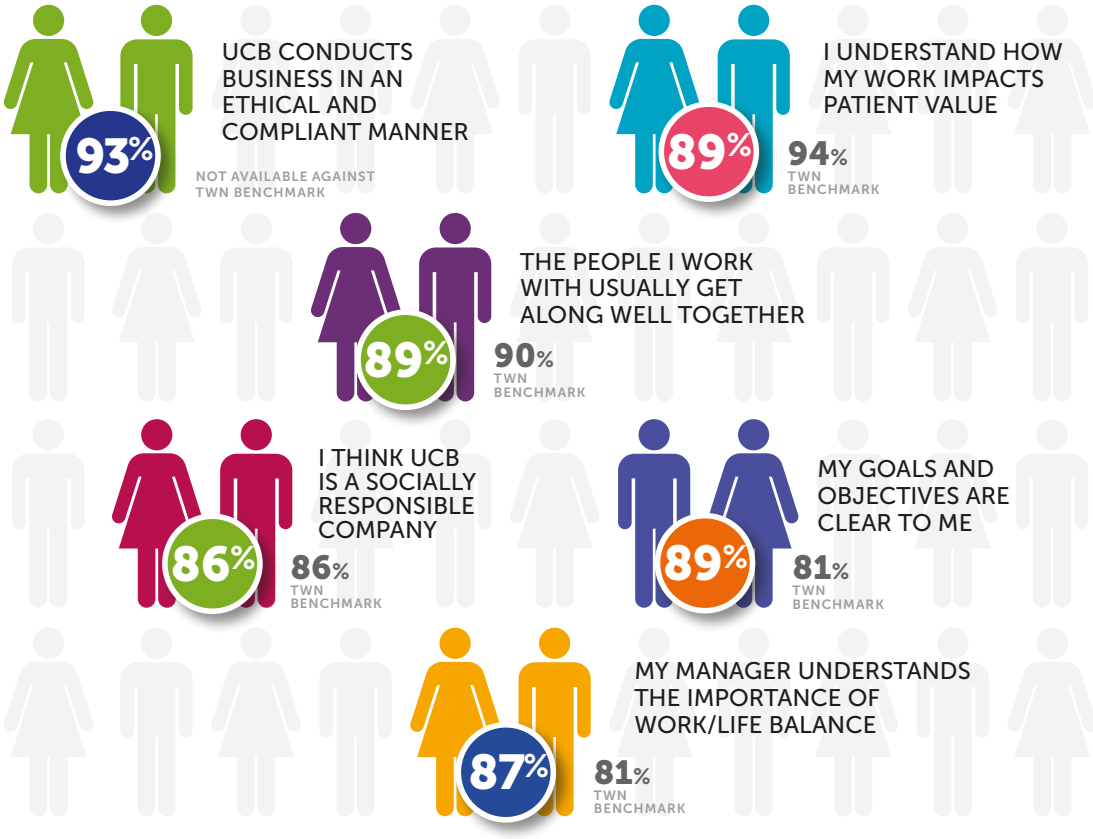
5.6 | UCB VOICES

Employees' engagement is continuously measured.

"*UCB Voices*", UCB's internal global employee engagement survey, was organized for the 5th time in 2015 by Towers Watson. The results were remarkable with a 90% participation rate. With this response rate our colleagues worldwide recognize the importance and added value in participating in this survey on key patient-value driven strategies.

The feedback provided by Executive Committee members on the survey results stimulates interaction and provides an outline for actions to be implemented at every management level.

The chart below compares the percentage of favorable responses at UCB to the Towers Watson High Performance Norm (TWN), an external benchmark comprising 27 "*best-performing*" corporations.



UCB takes its responsibility for climate change and potential environmental impacts seriously and strives to reduce or to mitigate the environmental impact.

6.1 | PRECAUTIONARY APPROACH ON ENVIRONMENTAL SUSTAINABILITY

UCB works in the following seven areas:

- ensuring legal and regulatory compliance;
- responsibly using natural resources;
- enhancing energy efficiency while minimizing carbon footprint;
- promoting green chemistry;
- controlling and reducing air emissions;
- actively managing waste streams; and
- applying greener lifecycle management principles.

UCB applies the precautionary approach in innovation and development of new products as a tool for patient safety and/or environmental risk management, and considers the benefits and potential health and environmental risks of innovation and new technologies in a scientific and transparent manner.

A multi-disciplinary team reviews the potential impacts and the strategies to reduce or mitigate risk and ensures continuity and transparency. UCB integrates initiatives to promote greater environmental responsibility, promotes more resource-efficient processes and incorporates the development of new and clean technologies with an improved environmental performance.

UCB supports the United Nations Climate Change Conference of the Parties 21 (COP21) and under the leadership of management, several initiatives focused on manufacturing process optimization and reduction of CO_2 emissions, were initiated.

In previous years UCB focused on identifying the environmental footprint of its on-site operations. Programs to improve energy efficiency, manage energy and water consumption and to avoid and recover waste were launched and reflect the interest of different stakeholders. Within the context of combating climate change, the programs resulted in an improved understanding of UCB's scope 1 and 2 related emissions of Green House Gasses (GHG), as reported to the Climate Disclosure Project (CDP).

6.2 | BACKGROUND INFORMATION TO 2015 REPORTING

In 2015, the scope of the environmental performance reporting changed again significantly. Key changes include the start-up of the bioplant in Bulle (Switzerland) and the divestiture of the Kremers Urban operation in Seymour (U.S.).

UCB also prepared to better understand the increasingly important environmental footprint up- and downstream of its operations. Over 20 contract manufacturing organizations are requested to inform UCB on key environmental indicators. Global supply chain initiatives for greening the logistical processes are being prioritized. As a first step towards scope 3 reporting, the GHG emissions related to business travel are included in this report.

Inspired by the Patient Value Organization, the environmental footprint will be linked to operations and also be directly linked to products. Two pilot projects were launched in 2015: the carbon footprint of Briviact® and a methodology to define the "*Green Product Sustainability*" (GPS) approach. This initiative will entail a comprehensive mapping of internal and external parameters in the value chain of selected compounds in order to understand the product-specific ecological footprint.

6.3 | ENERGY

This year, the overall energy consumption increased by 4%; usage of gas increased by 10%, usage of fuel and electricity were reduced by 26% and 1% respectively. The increase in energy consumption is influenced by the above stated changes in reporting scope, to UCB's production volumes in general, to variations in climatological conditions (with an impact on the need for cooling and/or heating), to the replacement of fuel by gas for heating purposes and to energy saving programs implemented at various UCB sites.

Energy saving initiatives implemented in 2015 led to a recurrent energy saving of 6 743 GigaJoules, which is 0.6% of UCB's scope 1 and scope 2 energy usages. Key contributors were HVAC turn-off during weekends in Shannon (Ireland), heat recovery projects in Bulle (Switzerland) and insulation projects in Braine-l'Alleud (Belgium).

In 2015, over 59% of the electricity consumed by UCB originated from renewable sources with four UCB sites fully reliant on green electricity, *i.e.*, Bulle (Switzerland), Monheim (Germany), Braine-l'Alleud and Brussels (Belgium). UCB generated 1 658 GigaJoules electricity through solar panels installed in Braine-l'Alleud (Belgium) and Bulle (Switzerland).

Overall scope 1 and scope 2 CO_2 emissions were reduced by 1%; scope 1 emissions increased by 8% (due to the increased gas consumption) whilst scope 2 emissions were reduced by 10% (thanks to a modest reduction in electricity consumption and to the CO_2 emission factors/kWh electricity consumed which were reduced at most UCB sites).

As a first step towards reporting scope 3 CO_2 emissions, the emissions linked to business travel, were measured in 2015. Air travel resulted in 20 119 tons of scope 3 CO_2 emissions, which is 31% of UCB's scope 1 and scope 2 emissions.

6.4. | WATER

Water consumption at the UCB facilities increased by 3% (or 21 729 m^3). Factors which influenced water consumption are similar to those mentioned in the energy subsection, *i.e.*, change in reporting scope, UCB's production volumes in general, variations in climatological conditions (with an impact on the need for cooling) and water saving programs implemented at various sites. UCB's transformation to a leading biopharma company may further impact water consumption as these production processes tend to be more water demanding.

6.5 | WASTE

Waste generated at different UCB facilities increased by 12%. UCB globally managed to recover 95% of its waste, predominantly through recovery of waste as a fuel to generate energy and the recovery and regeneration of solvents. This percentage of recuperated waste steadily improved by more than 9%, when compared to 2010. Waste avoidance and improved waste recovery by an active management of various waste streams remains a key in managing UCB's ecological footprint.

6.6 | EMPLOYEE ENGAGEMENT

The following are a few examples of the activities of UCB employees supporting green planet initiatives.

BEE-O-DIVERSITY

Installation of five bee colony hives in Braine-l'Alleud (Belgium). It is calculated that the 250 000 bees will impact 20 billion pollinated flowers, contribute to 3 500 hectares of biodiversity and apple and pear trees that will yield over ten tons of fruit. During the *"Green Planet Day"* close to 100 colleagues visited the newly installed hives.

BIOFFICE

The *"Green Team"* in Braine-l'Alleud (Belgium) launched the BIOffice initiative in July. Aim is to collect office supplies that are no longer in use and make them available for re-use by others. Additional Green Teams were created in 2015; colleagues were invited to improve UCB's environmental footprint. The teams operate as local think tanks to change daily behaviors and increase awareness about the use of natural resources, energy and waste.

HAPPY GREEN BULLE

Over 70 colleagues in Bulle (Switzerland) participated in *"Attitude Green Happiness"* video, submitted to the Fribourg Happy Awards, an initiative of the Fribourgissima and Radio Fribourg. Although the team did not win, the enthusiasm and dynamic positive engagement was overwhelming.

Michel, UCB

7. ACCESS TO CARE FOR UNDERPRIVILEGED PERSONS IN LOW- AND MIDDLE-INCOME COUNTRIES

Improving health conditions in low- and middle-income countries is complex and challenging.

UCB's strategy includes investment in advanced training and disease education to support selected healthcare systems. Strengthening neurology knowledge and facilitating access to neurology healthcare systems is core to the six patient initiatives and fulfil four key strategic objectives:

- provide sustainable education for persons living with epilepsy and their family on access to epilepsy care, diagnosis & treatment;
- improve community awareness on epilepsy allowing better acceptance & integration of persons living with epilepsy in their social and economic network;
- offer quality neurology training for local health care staff permitting proper diagnosis and treatment of persons living with epilepsy; and
- create academic neurology platforms to educate a next generation of researchers and neurologists to build sustainable value to the country's health infrastructure.

In 2015, UCB established different indicators of these initiatives and is in the process of validating the collection and reporting thereof.

UCB established the "*UCB Societal Responsibility Fund*" to facilitate employees in supporting those initiatives with the financial contributions of their different fund-raising activities. This Fund is under the auspices of the King Baudouin Foundation (Brussels, Belgium) and manages the financial contributions for the Brothers of Charity initiatives in the Democratic Republic of Congo (DR Congo) and Rwanda and provides guidance to the selection of new initiatives.

Keren, living with epilepsy (DR Congo)

"When I was 7 years old, I developed a high fever and my mother got me hospitalized and despite different drugs my high fever persisted and I developed my first seizure. I do not remember. My first memory is one of profound shame. In school, I fell on the ground and the children saw me lying down. I remember I cried in my mom's arm as I felt lonely and ashamed of my disease.

In Kipushi (DR Congo), there was no access to a doctor and therefore I stayed without treatment for two years. I could no longer go to school...

The doctor in the Brothers of Charity mobile clinic confirmed my epilepsy, I received treatment and I am now seizure-free. Seizure-free means I can return to school.

I am now 12 and I tell every child in class my disease is not contagious and no, I am not possessed by a demon. I want to play with them and be happy."

7.1 | BROTHERS OF CHARITY DR CONGO

The epilepsy disease burden in Africa is important and UCB works with the non-governmental organization (NGO) Brothers of Charity in Lubumbashi (DR Congo) to alleviate the disease burden for persons living with epilepsy, and their families, in Lubumbashi and in three other cities, through mobile clinics. The "*Neuropsychiatric center Joseph Guislain*" is the tertiary psychiatric reference center in the province and offers access to care to persons in need.

Strengthening the neurology capacity is ensured by having Dr. Marcellin starting a four-year master course in neurology at the Cheik Anta Diop University in Dakar (Senegal).

7.2 | BROTHERS OF CHARITY RWANDA

Further research in epilepsy, the world's most common neurological disorder, and different psychiatric illnesses, *i.e.*, depression, will be studied in the framework of the doctoral thesis of Dr. Fidèle Sebera. Prof.Paul Boon (University of Gent, Belgium), joined by Peter, project leader, and Dirk, UCB visited Kigali, Musanze and Shyira to explore the field conditions. Special emphasis on strengthening the awareness of the persons living with both diseases were considered.

A disease awareness campaign put in place by the Rwandan League against Epilepsy and the Rwandan Biomedical Center resulted in the training of grass-root community health agents in Musanze health district (Rwanda). A total of 1 296 health agents attended the training courses.

Strengthening the neurology capacity is further ensured by having Dr. Béni completing his second year of master in neurology at the Cheik Anta Diop University in Dakar (Senegal).

Jonathan,
living with epilepsy
(DR Congo)

7.3 | WORLD HEALTH ORGANIZATION MOZAMBIQUE

The Mozambique epilepsy initiative selected a de-centralized approach covering 16 health districts in five provinces and reaching a population of 3.4 million. A total of 3 372 persons living with epilepsy have been newly identified and have been benefitting from the initiative.

Following multiple stakeholder dialogues, national epilepsy care guidelines were drafted and epilepsy became integrated in primary mental health care. These policy changes also demanded the addition of anti-epileptic drugs on the essential medicines list.

Expanding the capacity of the health system involved an innovative strategy by delegating tasks and offering focused training to all layers of the health care professionals including the faith healers. Other community members involved were teachers, church leaders, journalists, various nongovernmental organization members, community leaders and traditional midwives, among others. The intensive community awareness programs were associated with the distribution of "*localized*" promotional posters, pamphlets and educational booklets.

Ran,
living with epilepsy
with her mother
(China)

7.4 | WORLD HEALTH ORGANIZATION MYANMAR

To date, a total of 1 363 people received in-depth and tailored epilepsy training and those people constitute the human capacity to expand the project to other townships in the nearby future.

In addition, 15 660 persons from different townships participated in epilepsy awareness sessions, including the National Epilepsy Day celebrations.

The joint efforts will reduce the stigma of the disease and improve the integration of persons living with epilepsy in their community.

7.5 | PROJECT HOPE CHINA

In 2015, 296 pediatricians completed a pediatric neurology course organized by the faculty of the "*Rainbow Bridge*" initiative. To date, the program trained 1 335 physicians from 28 provinces.

A Pediatric Epilepsy Primary Care Training Manual was developed and an on-line training CME is now available on the 24-hours medical broadcasting platform.

It will enable physicians in remote areas of China to have access to state-of-the-art disease and diagnosis knowledge for children living with epilepsy.

Educational material for children was prepared and distributed in the participating hospitals. A three minute video "*Lolo, living with epilepsy*" aimed to reduce the disease stigma, especially important for children, was shown in the hospitals, on eight media platform and over 430 000 people watched it in a three month period.

A total of 160 teachers in elementary school, in charge of health care related matters received a one-day training on how to handle seizures and how to assist children living with epilepsy.

Moreover, a total of 64 parents' education sessions were conducted at participating hospitals reaching 1 006 parents for a better understanding of epilepsy and epilepsy care. Seven Rainbow Bridge educational week-ends were organized with 99 children living with epilepsy and 182 parents and family members.

7.6 | RED CROSS SOCIETY CHINA

Two village doctors' training programs were organized in the *"Health and Hope Fund"* initiative with the Business Development Center of the Red Cross Society of China.

Two doctor training programs were organized, one in Kunming (Yunnan province, China) and another in Nanning (Guangxi province, China). In total 200 doctors from remote areas of the province came to attend 15-day theoretical and practical courses.

Two YaoYang elderly home training programs were organized. A first training program brought 425 nursing staff to Chengde (Hebei province) where they received intensive 10-day training by staff of the vocational nursing school on elderly health, care and prevention of certain diseases, with a special emphasis on neurological conditions affecting the elderly. The second training program was organized in Beijing with 467 elderly home principles attending a four-day training focused on the IT platform in management of elderly homes, services and elderly mental and neurological health aspects.

Li Fenli,
Village doctor from Yunnan province (China)

"I am Li Fenli, Hani minority and village doctor in Shuangjiangzhen (Eshan county nearby Yuxi, Yunnan province).

I am the youngest of a family of 7, with 4 elder sisters and 2 elder brothers. One day during my 1st year at primary school, I returned home and found my 2nd oldest brother, who was 6 years older than me, was sent back home by his school teacher for an unknown disease. I saw my brother frothing at his mouth and twisting in his whole body. Later, I learned it was an epilepsy seizure.

Because of repetitive seizures he was sent from school and villagers, children and adults alike, were scared by his terrible appearance in seizure. They were disgusted by him, laughed at him and avoided him.

After finishing senior high school I went to the vocational medical school to study Traditional Chinese Medicine. I remember my parents and my sister's teaching of "be kind and compassionate, be caring and helpful for people". I love my profession as a doctor and want to accomplish one of my life dreams to serve grassroots people at frontline areas.

The training motivates me to do better; it was positive, practical and inspiring."

From left to right James, Liz, Dan, Anthony, Dave, Pierre, Mark, Andrew

7.7 | EMPLOYEE ENGAGEMENT

The following are a few examples of employee engagement for CSR patient initiatives for which over € 40 000 was raised.

WALK FOR AFRICA

A total of 547 colleagues from nine European and one U.S. site joined in a walk for persons living with epilepsy in Lubumbashi and Kigali. A creative fund-raising was organized with a small donation of one €/£/US$ per kilometer.

BIKE RIDE FOR AFRICA

Initiated by one employee, the initiative rapidly gained support from other colleagues. After close to a year of preparatory work, nine courageous bikers left Slough (U.K.) to confront the 438 km to Brussels (Belgium) by bike. For each kilometer, sponsorship was obtained destined to support the procurement of new mobile EEG equipment.

DYNAMIC TEAM FOR CHARITY

The Dynamic Team for Charity (DTC) organized several fund-raising initiatives in Braine-l'Alleud (Belgium) for employees, *e.g.*, lilies of the valley, Zumba BBQ, Halloween cake sale *etc.* destined to support the procurement of a new EEG equipment. The team also organized events to support underprivileged persons in Brussels, *e.g.* a shoebox gifts campaign.

SERVE UP BONE STRENGTH AND SILENT NO MORE

During the week of the World Osteoporosis Day, UCB's Bone Patient Value Unit (PVU) organized the #LoveYourBones campaign with awareness on the impact of eating foods rich in calcium, vitamin D and protein has on building and maintaining strong bones. The Bone PVU organized a creative fund-raising initiative whereby for each of the 159 colleagues participating in one-hour physical activities strengthening their bones, a small donation of € 10 was provided to the UCB Societal Responsibility Fund.

8.1. | SCOPE

Data regarding human resources are consolidated for all UCB companies worldwide that are globally integrated into our financial consolidation, regardless of their activity (research or industrial sites, affiliates, headquarters).

The Annual Report covers the data from January until December 2015.

The 2014 Annual Report was published in February 2015.

TALENTS

The changes in workforce by employee organization implemented in early 2015 regroup employees under Patient Value Functions, Practice, Units and Operations.

The Patient Value Functions regroup colleagues from Talent and Company Reputation, Finance, Legal Affairs, Public Affairs, Internal Audit, Quality Assurance, Health, Safety and Environment and Drug Safety. Colleagues of the Patient Value Units Bone and Immunology are combined and reported in the Patient Value Unit Immunology. The Patient Value Practices are reported as one entity. As the new employee organization came into effect in 2015 no data for 2014 could be presented.

The turn-over calculation is based on the total number of employees who departed the organization voluntarily or due to dismissal, retirement, or death in service (excluding the 855 staff of the Indian UCB Ltd affiliate and of the Kremers Urban U.S. site associated with the divestments) divided by the total workforce.

Newcomers include colleagues in *"new position"* and *"replacement"*; whereas *"inactive employees"* (return from long-term sick leave, career break, sabbatical or parental leave) are not included.

Departures include colleagues with *"terminated contract"*, *"retirement"* and *"death in service"*; whereas *"inactive employees"* are not included.

TRAINING

A corporate tool *"UCB learning"* allowed consolidation of trainings organized by UCB and followed by UCB employees. The population not covered by this tool represents less than 0.3% of the total population. Mandatory trainings, *i.e.*, Code of Conduct, Drug Safety and IT Security, are followed and consolidated for all employees. Students, apprentices and trainees are not included in the training data.

The performance cycle starts in December and ends in March; hence, the performance data are preliminary.

GEOGRAPHICAL PRESENCE

The regional split is as follows:

- Europe: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxemburg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland and U.K.
- U.S.
- Japan
- International markets: Australia, Brazil, Canada, China, Hong Kong, India, Malaysia, Mexico, Russia, Singapore, South Korea, Taiwan, Thailand, Turkey and Ukraine

OCCUPATIONAL, HEALTH AND SAFETY

Occupational, Health and Safety data relate to 99% of people working in UCB.

ENVIRONMENT

Planet data are consolidated for all manufacturing sites, research sites, HQ (Brussels, Belgium) and affiliates from China, India, Italy, Japan, Germany, Mexico and United States. This scope covers 86% of UCB's workforce and is similar to last year's data.

For each of these data it is stated whether UCB's level of reporting covers the requirements fully or partially.

Observations made during the data validation and consolidation:

1. In Atlanta (U.S.) and Monheim (Germany), facilities are rented to 3rd parties and there are no separate meters installed. As a result, utilities consumptions are overestimated and the impact of this overestimation cannot be reliably measured;
2. In Braine-l'Alleud (Belgium), diesel for utility vehicles is reported within fuel consumption as it is stored in the same tank and it is difficult to estimate precisely the consumption related to utility vehicles;
3. The 2015 direct CO_2-emissions for natural gas consumption is calculated considering the high or low heating value. It is using conversion factors published in the Intergovernmental Panel on Climate Change 2006 Guidelines for National Greenhouse Gas Inventories and the United Kingdom Department of Environment, Food and Rural Affairs 2013 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors;

4. Considering a growing percentage of electricity generated from renewable sources, CO_2- emissions resulting from electricity consumption were calculated on specific CO_2 equivalents of the electricity mix consumed as reported by the UCB sites. When for a given site a specific ratio was not available, the International Energy Agency (IEA) 2015 ratios were applied by default;
5. A total of 95% of waste generated by UCB is recovered and the methods by which waste is recovered are classified according to Annex B to EU directive 2008/98/EU;
6. The *"other indirect GHG emissions (scope 3)"* reported under GRI indicator EN 17 relate to domestic and international air travel performed by UCB employees working in 29 countries (Australia, Austria, Belgium, Bulgaria, Canada, China (including Hong Kong), Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, India, Italy, Japan, Luxemburg, Mexico, Netherlands, Norway, Poland, Portugal, South-Korea, Spain, Sweden, Switzerland, Turkey, U.K. and U.S.

8.2. | REPORTING PRINCIPLES

In order to ensure uniformity and reliability of indicators used for all entities, UCB Group decided to represent the data according to the Global Reporting Initiative (GRI) G4 reporting indicators. These sustainability reporting guidelines cover financial and non-financial factors such as social, safety and environmental impacts of the company's performance.

UCB assessed themselves as compliant to the GRI G4 defined indicators "*in accordance*" with the Core option "*General Standard Disclosure*" and selected "*Specific Standard Disclosure*" indicators to report on.

8.3. | ACCURACY

The UCB Corporate Health, Safety & Environment (HS&E) and Corporate Societal Responsibility (CSR) departments are responsible for ensuring that all data are consolidated on the basis of information provided by the manufacturing and research sites as well as affiliates and administrative sites throughout the world.

Country HS&E coordinators perform an initial validation of safety and environmental data prior to the consolidation at corporate level.

Corporate HS&E and CSR also verify data consistency during consolidation. These validations include data comparisons from previous years as well as a careful analysis of any significant discrepancies.

Social data regarding the workforce are extracted from global IT HR systems used as management control database for UCB worldwide.

8.4. | RELIABILITY

In order to obtain an external review of the reliability and thoroughness of the data and reporting procedures, PwC is asked to perform specific verification of selected financial, societal, health, safety and environment indicators.

Their assurance statement, describing the work performed as well as the compliance to the GRI G4 Sustainability Reporting Guidelines and conclusions are submitted, as required, to the Audit Committee as the appropriate body representing UCB's Board of Directors.

The assurance statement will be published in the 2015 Annual Report.

9.1 TALENT AND SOCIETAL DATA

GRI-G4 INDICATOR		DEFINITION	UNIT OF MEASURE	2014	2015
LA 1	Total workforce	Employees as of 31 December	Number	8 684	7 788
	Workforce by gender	Women and men employees	Number women	4 072	3 867
			% women	47	50
			Number men	4 612	3 921
			% men	53	50
	Workforce by gender and age	Women and men employees by age group	Number women	4 072	3 867
			- ≤ 29y	444	390
			- 30 - ≤ 39y	1 430	1 376
			- 40 - ≤ 49y	1 437	1 367
			- ≥ 50y	761	734
			Number men	4 612	3 921
			- ≤ 29y	599	321
			- 30 - ≤ 39y	1 448	1 187
			- 40 - ≤ 49y	1 583	1 468
			- ≥ 50y	982	945
	Workforce by region	Europe/Japan/U.S./ International markets	Number		
			- Europe	4 237	4 244
			- Japan	319	326
			- United States	1 766	1 179
			- International markets	2 362	2 039
	Workforce by region and gender	Europe/Japan/U.S./ International markets	% women/men		
			- Europe	49/51	49/51
			- Japan	20/80	21/79
			- United States	51/49	55/45
			- International markets	44/56	53/47
	Workforce by employment type	Employees	Number		
			Permanent contract		7 620
			Fixed-term contract		168
	Workforce by employment type and gender	Women and men on permanent contract	% women/men		50/50
	Workforce by employee function	Technical operations, administrative/support staff, sales force, managers and executives	Number		
			- technical operations	729	417
			- administrative/support staff	885	873
			- sales force	2 691	2 297
			- managers	4 240	4 074
			- executives	139	127
	Workforce by employee organisation	Patient value functions, units, operations and practices	Number		
			Patient Value Functions		1 053
			Patient Value Practices		631
			Patient Value Unit		
			- New Medicines		471
			- Immunology/Bone		753
			- Neurology		1 192
			Patient Value Operations		2 017
			Patient Value Technical Operation		1 671

	Newcomers by gender, age group and region	Gender, age group and region (see separate table)	Number women man	 816 875	 605 542
	Departures by gender, age group and region	Gender, age group and region (see separate table)	Number women men	 598 667	 786 1 201
	Turnover	Number employees leaving (voluntary/non-voluntary) divided by total workforce	%	15	16
LA 06	LTR	Lost Time Incident Rate	Number of incidents resulting in lost time of one day or more within a 12-month period, per million hours worked	2.22	2.77
	LTSR	Lost Time Severity Rate	Number of lost days resulting from a lost time incident within a 12-month period, per thousand hours worked	0.03	0.03
LA 09	Training hours by employee category and gender	Training hours by employee category of technical operator, administrative/support staff, sales force, managers and executives	Number hours women/men - technical operators - administrative/support staff - sales force - managers - executives	 40/39 17/30 13/12 20/19 7/6	 32/50 17/33 13/13 19/21 5/5

NEWCOMERS BY GENDER, AGE GROUP AND REGION (2015)

Gender, age group (year) and region	Women				Men			
	≤ 29	30 - ≤ 49	≥ 50	Total	≤ 29	30 - ≤ 49	≥ 50	Total
- Europe	66	132	16	214	47	138	17	202
- Japan	2	8	1	11	1	23	6	30
- United States	4	86	20	110	3	64	14	81
- International markets	92	173	5	270	83	137	9	229
Subtotal	164	399	42	605	134	362	46	542

DEPARTURES BY GENDER, AGE GROUP AND REGION (2015)

Gender, age group (year) and region	Women				Men			
	≤ 29	30 - ≤ 49	≥ 50	Total	≤ 29	30 - ≤ 49	≥ 50	Total
- Europe	12	127	36	175	20	141	39	200
- Japan	2	6	1	9	1	13	9	23
- United States	61	212	96	369	76	211	124	411
- International markets	60	162	11	233	253	294	20	567
Subtotal	135	507	144	786	350	659	192	1 201

9.2 ENVIRONMENTAL DATA

GRI-G4 INDICATOR		DEFINITION	UNIT OF MEASURE	2014	2015
EN 3	Total	Total gas, fuel oil & vehicle fuel consumption	GigaJoules	613 395	665 697
	Gas	Gas consumption		595 674	652 584
	Fuel Oil	Fuel oil consumption		17 529	12 956
	Fuel vehicle	Utility vehicle fuel consumption		192	158
EN 4	Electricity	Electricity consumption	GigaJoules	476 344	471 804
EN 6	Energy saved	Energy saved due to conservation & efficiency improvements	GigaJoules	30 841	6 743
EN 8	Water	Total water	m^3	782 631	804 360
		Main water		584 997	624 427
		Ground & surface water		197 636	179 933
EN 15	Direct GHG emissions – scope 1	Electricity	Tons CO_2	0	0
		Gas		33 417	36 610
		Fuel		1 316	963
EN 16	Indirect GHG emissions – scope 2	Electricity	Tons CO_2	31 367	28 108
		Gas		0	0
		Fuel		0	0
EN 17	Other indirect GHG emissions – scope 3	Business Travel	Tons CO_2	NA	20 119
EN 23	Waste disposal	Total waste	Tons	9 655	10 822
		Total waste not recovered		539	520
		Total waste recovered		9 119	10 302
		Subtotals			
		• Subtotal waste used principally as a fuel or other means to generate energy (EU waste recovery code R1)		3 116	3 996
		• Subtotal waste recovered through solvent reclamation or regeneration (EU waste recovery code R2)		3 052	2 839
		• Subtotal waste recovered through recycling/reclamation of organic substances which are not used as solvents (EU waste recovery code R3)		1 013	1 604
		• Subtotal waste recovered through recycling/reclamation of inorganic materials other than metals (EU waste recovery code R5)		1 780	1 790
		• Subtotal waste recovery by other methods (EU waste recovery code R4, R6 & R9)		154	74
EN 24	Total number and volume of significant spills	Number		0	0
		Volume	Tons	0	0
EN 25	Hazardous waste	Hazardous waste as defined by locally applicable regulations	Tons	7 292	7 532
	Non-hazardous waste	Other solid waste (excluding emissions and effluents)		2 362	3 291

10. GLOBAL REPORTING INITIATIVE G4 SUSTAINABILITY REPORTING

General Standard Disclosure				External Assurance*
CATEGORY: STRATEGY AND ANALYSIS				
01	Statement of CEO	●		p 17-21
CATEGORY: ORGANIZATIONAL PROFILE				
03	Name of organization	●		p 4
04	Primary brands, products, and services	●		p 8
05	Location of the organization's headquarters	●		p 31, p80
06	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	ß	p 146-149
07	Nature of ownership and legal form	●		p 80, p 146-149
08	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	ß	p 62-64, p 104
09	Scale of the organization, including			
	• Total number of employees	●	ß	p 13, p 169, p 183
	• Total number of operations	●	ß	p 146-149
	• Net sales (for private sector organizations) or net revenues (for public sector organizations)	●	ß	p 72
	• Total capitalization broken down in terms of debt and equity (for private sector organizations)	●	ß	p 23, p 59, p 68, p 74-76
	• Quantity of products or services provided	●		p 62-63
10	Human Resources			
	• Total number of employees by employment contract and gender	●	ß	p 183
	• Total number of permanent employees by employment type and gender	●	ß	p 183
	• Total workforce by region and gender	●	ß	p 169, p 183
	• Significant variations in employment numbers	●		p 169, p 181, p 184
11	The percentage of total employees covered by collective bargaining agreements	◐		Collective bargaining agreements are country-specific
12	The organization's supply chain	●		p 166
13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●		p 168
14	Whether and how the precautionary approach or principle is addressed by the organization	●		p 173
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	●		p 165-166
16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization, referring primarily to memberships maintained at the organizational level			
	• Holds a position on the governance body	●		p 165
	• Participates in projects or committees	●		p 165
	• Provides substantive funding beyond routine membership dues	●		p 165
	• Views membership as strategic	●		p 165

* Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.

CATEGORY: IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
17	Entities included in the organization's consolidated financial statements or equivalent documents and report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	●		p 81, p 146-149
18	Material aspect boundaries			
	• The process for defining the report content and the Aspect Boundaries	●		p 162-163
	• How the organization has implemented the Reporting Principles for Defining Report Content	●		p 162-163
19	Material Aspects identified in the process for defining report content	●		p 162
20	Stakeholders and material aspects			
	• List of entities or groups of entities included in G4-17 for which the aspect is not material or the list of entities or groups of entities included in G4-17 for which the aspect is material	●		p 162
	• Specific limitation regarding the Aspect Boundary within the organization	●		p 162
21	For each material Aspect, report the Aspect Boundary outside the organization	●		p 162
22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	●		No restatements applicable
23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●		p 162
CATEGORY: STAKEHOLDER ENGAGEMENT				
24	List of stakeholder groups engaged by the organization	●		p 162
25	The basis for identification and selection of stakeholders with whom to engage	●		p 162
26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	●		p 162-163
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting and report the stakeholder groups that raised each of the key topics and concerns	●		p 162-163
CATEGORY: REPORT PROFILE				
28	Reporting period (such as fiscal or calendar year) for information provided	●	ß	p 181
29	Date of most recent previous report (if any)	●	ß	p 181
30	Reporting cycle (such as annual, biennial)	●	ß	p 181
31	The contact point for questions regarding the report or its contents	●	ß	p 193
32	The "*in accordance*" option the organization has chosen GRI Content Index for the chosen option	●	ß	p 159, p 182
	The reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be "*in accordance*" with the Guidelines	●	ß	p 191
33	The organization's policy and current practice with regard to seeking external assurance for the report	●	ß	p 182
	The scope and basis of any external assurance provided	●	ß	p 181
	Relationship between the organization and the assurance providers	●	ß	p 182
	Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	●	ß	p 182
CATEGORY: GOVERNANCE				
34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	●	ß	p 14, p 32-33
CATEGORY: ETHICS AND INTEGRITY				
56	The organization's values, principles, standards and norms of behaviour	●	ß	p 164

Specific Standard Disclosure				External Assurance*
CATEGORY: ECONOMIC				
Disclosures on Management Approach on Material Issues				
For each of the aspects described below and explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide.				
Aspect: Economic performance				
EC1	Direct economic value generated and distributed	●	ß	p 72-76
EC3	Coverage of the organization's defined benefit plan obligations	●	ß	p 130-131
Aspect: Market presence				
EC6	Proportion of senior management hired from the local community at significant locations of operation	●		p 169
CATEGORY: ENVIRONMENTAL				
Disclosures on Management Approach on Material Issues				
For each of the aspects described below an explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide, especially the Health, Safety and Environmental departments as well as suppliers, contract manufacturing organization and distributors.				
Aspect: Energy				
EN3	Energy consumption within the organization	●	ß	p 174, p 185
EN4	Energy consumption outside of the organization	◐		p 174, p 185
EN6	Reduction of energy consumption	●		p 174, p 185
Aspect: Water				
EN8	Total water withdrawal by source	●	ß	p 174, p 185
Aspect: Emissions				
EN15	Direct greenhouse gas (GHG) emissions (scope 1)	●	ß	p 174, p 185
EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	●	ß	p 174, p 185
EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	◐		p 174, p 185
Aspect: Effluent and water				
EN23	Total weight of waste by type and disposal method	●	ß	p 185
EN24	Total number and volume of significant spills	●	ß	p 185
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention, and percentage of transported waste shipped internationally	●	ß	p 185
CATEGORY: SOCIAL				
Sub-category: Labor practices and decent work				
Disclosures on Management Approach on Material Issues				
For each of the aspects described below and explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide, under the leadership of the Talents and Company Reputation department.				
Aspect: Employment				
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	●	ß	p 169, p 184

* Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report

Aspect: Occupational health and safety				
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	◐		p 171, p 184
LA7	Workers with high incidence or high risk of diseases related to their occupation	◐		p 171
Aspect: Training and education				
LA9	Average hours of training per year per employee by gender, and by employee category	●	ß	p 184
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	◐		p 170
Aspect: Diversity and equal opportunity				
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	ß	p 14, p 32-33
Sub-category: Human Rights				
	Disclosures on Management Approach on Material Issues			
	For each of the aspects described below and explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide under the leadership of the Talent and Company Reputation and Legal Affairs departments.			
Aspect: investment				
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	ß	p 170
Aspect: Non-discrimination				
HR3	Total number of incidents of discrimination and corrective actions taken	●		No incident of discrimination identified
Aspect: Child labor				
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	◐		p 164
Sub-category: Social				
	Disclosures on Management Approach on Material Issues			
	For each of the aspects described below and explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide under the leadership of the Talent and Company Reputation and Legal Affairs departments.			
Aspect: Anti-corruption				
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	◐		p 164
SO4	Communication and training on anti-corruption policies and procedures	●	ß	p 164, p 170
SO5	Confirmed incidents of corruption and actions taken	◐		p 164
Aspect: Public policy				
SO6	Total value of political contributions by country and recipient/beneficiary	●		p 165
Aspect: Anti-competitive behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●		p 165
Aspect: Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●		p 165

Sub-category: Product Responsibility

Disclosures on Management Approach on Material Issues

For each of the aspects described below and explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide under the leadership of the Global Regulatory Affairs, Drug Safety and Information Intelligence and Integrity departments.

Aspect: Customer health and safety			
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	●	p 167
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	●	p 167
Aspect: Product and service labelling			
PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements	●	p 167
PR5	Results of surveys measuring customer satisfaction	◐	p 166
Aspect: Marketing communications			
PR6	Sale of banned or disputed products	●	p 167
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●	p 166
Aspect: Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	p 166

Sub-category: Access to care for persons living with epilepsy in resource-poor countries

Disclosures on Management Approach on Material Topic

For each of the aspects described below an explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by the Corporate Societal Responsibility department.

AC1	Total number of persons living with epilepsy having improved access to education, diagnosis and treatment in selected countries or provinces	◐	p 177-179
AC2	Total number of persons in communities having participated in epilepsy awareness programs in selected countries or provinces	◐	p 177-179
AC3	Total number of health care staff having participated in neurology training programs	◐	p 177-179

Sub-category: Employee engagement

Disclosures on Management Approach on Material Topic

For each of the aspects described below an explanation as why this aspect is material to UCB can be found in the body of the report. Those material aspects are managed by functions in charge throughout the company worldwide under the leadership of the Talent and Company Reputation and Corporate Societal Responsibility departments.

EE1	Number (percentage) of colleagues engaging in UCB Voices®	●	p 172
EE2	Number (percentage) of colleagues completing the mandatory training programs	●	p 170
EE3	Number of initiatives in support of environmental sustainability and sensibilization organized by colleagues	◐	p 173, p 175
EE4	Number of initiatives in support of UCB's CSR patient initiatives in resource-poor countries organized by colleagues	◐	p 180

INDEPENDENT LIMITED ASSURANCE REPORT ON THE UCB CORPORATE SOCIETAL RESPONSIBILITY PERFORMANCE REPORT 2015

This report has been prepared in accordance with the terms of our engagement contract dated 1 October 2015, whereby we have been engaged to issue an independent limited assurance report in connection with selected data of the Corporate Societal Responsibility Performance Report as of and for the year ended 31 December 2015 in the accompanying Annual Report 2015 of UCB and its subsidiaries (the "Report").

RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors of UCB SA ("the Company") is responsible for the preparation of the selected indicators for the year 2015 marked with a Greek small letter beta (ß) in the Corporate Societal Responsibility Performance Report set forth in the Report of UCB and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) G4 – Core, as set out on 158-190 (the "Subject Matter Information"), in accordance with the criteria disclosed in the Corporate Societal Responsibility Performance Report and with the recommendations of the GRI (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 Board of Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the work we have performed. We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "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 nothing has come to our attention that causes us to believe that the Subject Matter Information is not fairly stated, in all material respects, based on the Criteria.

The objective of a limited-assurance engagement is to perform the procedures we consider necessary to provide us with sufficient appropriate evidence to support the expression of a conclusion in the negative form on the Subject Matter Information. The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. 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 2015 presented on 158-190 of the Annual Report 2015;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

We have evaluated the Subject Matter Information against the Criteria. The accuracy and completeness of the Subject Matter Information are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our Limited Assurance Report should therefore be read in connection with the Criteria.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our audit firm applies International Standard on Quality Control (ISQC) n° 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.

CONCLUSION

Based on our work, as described in this Independent Limited Assurance Report, nothing has come to our attention that causes us to believe that the selected indicators for the year 2015 marked with a Greek small letter beta (ß) in UCB's Corporate Societal Responsibility Performance Report 2015, and UCB's assertion that the report meets the requirement GRI G4 – Core, is not fairly stated, in all material respects, in accordance with the Criteria.

RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our assurance report has been made in accordance with the terms of our engagement contract. Our report is intended solely for the use of the Company, in connection with their Corporate Societal Responsibility Performance Report as of and for the year ended 31 December 2015 and should not be used for any other purpose. We do not accept, or assume responsibility to anyone else, except to the Company for our work, for this report, or for the conclusions that we have reached.

Sint-Stevens-Woluwe, 25 February 2016

PwC Bedrijfsrevisoren bcvba

Represented by

Marc Daelman

Registered auditor

GLOSSARY OF TERMS

CER Constant exchange rates

CORE EPS/CORE EARNINGS PER SHARE
Profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization linked to sales, divided by the number of shares outstanding

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

ESTBALISHED BRANDS
Portfolio of 150 post-patent, high-quality medicines, with proven value for patients and doctors since many years

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

IA Idiopathic arthritis

NET FINANCIAL DEBT

Non-current and current borrowings and bank overdrafts less debt securities, restricted cash deposit with respect to financial lease agreements, cash and cash equivalents

KU
Kremers Urban, specialty generic pharmaceutical company in the U.S.

nr AxSpA
Non radiographic axial spondyloarthritis

PGTCS
Primary generalized tonic-clonic seizures osteoporosis

PMDA/PHARMACEUTICALS AND MEDICAL DEVICES AGENCY
Japanese regulatory agency in charge of protecting the public health by assuring safety, efficacy and quality of pharmaceuticals and medical devices. http://www.pmda.go.jp/english/

POS
Partial onset seizure

RECURRING EBIT (REBIT)
Operating profit adjusted for impairment charges, restructuring expenses, and other exceptional income and expenses

RECURRING EBITDA (Recurring Earnings Before Interest, Taxes, Depreciation and Amortization charges)
Operating profit adjusted for amortization, depreciation, impairment charges, restructuring expenses and other exceptional income and expenses

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

Financial calendar 2016

25 April	Interim report
28 April	Annual general meeting
28 July	2016 half-year financial results
25 October	Interim report

Forward-looking statements

This Annual Report contains forward-looking statements, including, without limitation, statements containing the words "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", and "continue" and similar expressions. These forward-looking statements are based on current plans, estimates and beliefs of management. 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 Annual Report.

Important factors that could result in such differences include but are not limited to: changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms, 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, product liability claims, challenges to patent protection for products or product candidates, 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 in the pipeline will progress to product approval or that new indications for existing products will be developed and approved. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to differences between the partners. Also, UCB or others could discover safety, side effects or manufacturing problems with its products after they are marketed. Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement.

Given these uncertainties, the public is cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements are made only as of the date of this Annual Report. UCB expressly disclaims any obligation to update any such forward-looking statements in this Annual Report to reflect any change in its expectations with regard thereto or any change in events, conditions, for circumstances on which any such statement is based, unless such statement is required pursuant to applicable laws and regulations.

Official report language

Pursuant to Belgian Law, UCB is required to prepare its Annual Report in French and Dutch. UCB has also made this report available in English. In the event of any differences in translations or interpretations, the French version shall prevail.

Availability of the Annual Report

The Annual Report is as such available on the website of UCB (www.ucb.com). Other information on the website of UCB or on any other website, does not form part of this Annual Report.

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