

REPORT OF THE BOARD OF DIRECTORS

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Ladies and Gentlemen,

In accordance with the legal and statutory requirements, we are honoured to report to you on the financial year 2015 and to account of our management of Financière de Tubize (the 'Company' or 'Tubize').

This report combines the board report required by article 95 and following of the Company Code and the board report on the consolidated financial statements required by article 119 of the Company Code.

1. Briefing on the evolution of the business, the results and the financial position of the Company, as well as a description of main risks and uncertainties it is facing

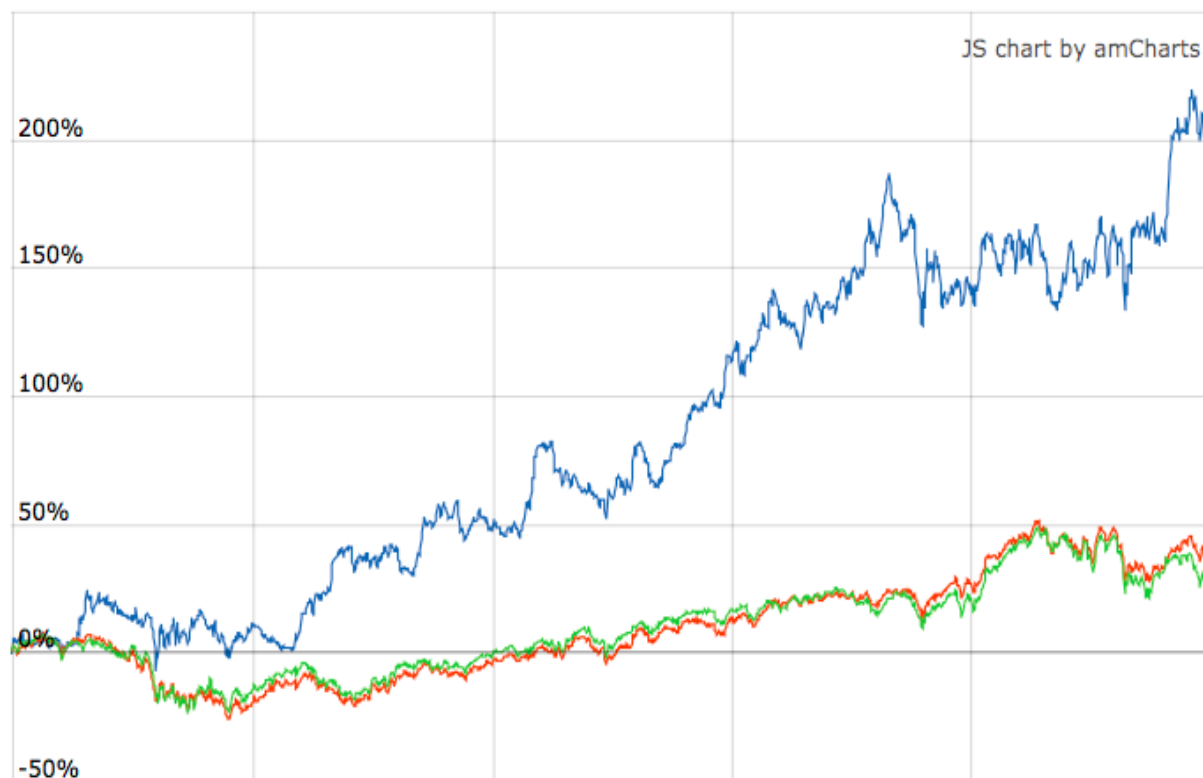
1.1 Activities and mission of the Company

Tubize is the reference shareholder of UCB - Tubize is a mono-holding company whose securities are traded on Euronext Brussels. The Company holds and manages a participating interest in UCB consisting of 68,076,981 shares issued by UCB, a biopharmaceutical company whose securities are also traded on Euronext Brussels. The participation of Tubize represents 35.00% of all shares issued by UCB. Furthermore, the Company acts in concert with Schwarz Vermögensverwaltung GmbH & Co KG, that holds, within the concert, 2,471,404 UCB shares, representing 1.27% of the total number of UCB shares.

Creating long-term value – The mission of Tubize is to create long-term value for its shareholders, by supporting, as a stable reference shareholder, the maximisation of UCB's potential and the sustainable growth of its industrial project. This long-term approach is particularly important to support research, development and commercialisation of products in a sector with very long cycles. Tubize is a committed investor. Its board of directors monitors, evaluates and influences, through its representatives in the board of directors of UCB, the significant strategic decisions, the performance and the risk profile of UCB. This strategy of primacy to the long term and to stability has been beneficial to the shareholders. During the periods of 1, 3 and 5 years preceding 31 December 2015, the share price of Financière de Tubize has increased 29.36%, 110.88% respectively 209.79%, compared to 12.63%, 49.46% respectively 43.50% for the BEL-20, and 7.96%, 33.11% respectively 31.20% for the Euronext 100.

Evolution of the share price

Price ● TUB 209.79% ● BEL20 43.50% ● Euronext 100 Index® 31.20%



Strengthening of the participation – In accordance with its mission and strategy, the Company has, during the last two months of 2015, acquired 1,706,981 shares UCB, and, as a result thereof, has increased its participating interest in UCB from 34.12% to 35.00%. These acquisitions have been realised at an average price of € 80.6376 and represent an investment of € 137,752k, including directly related costs for an amount of € 105k.

Sound financial structure – To pursue its long term policy, the Company must, at any time, dispose of a sound financial structure and adequate reserves. The indebtedness of the Company has been drastically reduced from € 389 million end of 2007 to € 145 million at 30 June 2015. During this period, priority was given to the reimbursement of bank debt. Following the strengthening of the participating interest in UCB, the outstanding bank debt has risen from € 145 million at 30 June 2015 to € 286 million at 31 December 2015. The Company's balance sheet structure is very healthy. The solvency ratio (equity expressed as a percentage of the balance sheet total, on a non consolidated basis) amounts to 81.86% at 31 December 2015. At the same date, the indebtedness ratio (outstanding bank debt expressed as a percentage of the market value of the participating interest in UCB) amounts to 5.05%. These two ratios largely exceed the requirements set by the bank covenants.

1.2 Other significant events that occurred during the financial year 2015

Dematerialisation – According to the law of 14 December 2005 concerning the abolition of bearer securities, the Company was required to sell the securities of which the owners had not made themselves known on 2 March 2015 at 24:00h CET (being the deadline mentioned in the notice published in that sense by the Company on 15 January 2015 in accordance with the requirements of the aforementioned law). On 3 March 2015, the Company has published additional information concerning the sale, in particular concerning the number of securities to be sold (151,233), the commencement date of the sale (5 March 2015) and the financial intermediary to whom the sales order has been entrusted. To avoid a long sales process that would have been expensive for the Company and its shareholders, the Company has purchased on the regulated market of Euronext Brussels the remaining number of securities that were offered for sale and not yet sold on 5 March 2015 at 13:00h CET, being 60,233 securities that were acquired at € 57.03 per share (total value of € 3,435k). These shares represented 0.14% of the capital. Their par value amounted to € 5.27 per share. They have been cancelled on 11 March 2015 without a decrease of the capital. Consequently, the number of shares representing the capital has been decreased from 44,608,831 shares to 44,548,598 shares and the par value has increased from € 5.27 to € 5.28. In accordance with the law of 14 December 2005, the net proceeds from the sale have been transferred to the *Caisse des dépôts et consignations / Deposito- en consignatiekas*.

Delisting TUBAT – On 28 September 2015, the board of directors has submitted a request to Euronext Brussels to discontinue trading on the regulated market of Euronext Brussels of the attribution rights (ISIN TUBAT BE0099967573) that are still in circulation. These rights, that were listed on a separate line from the one of the shares of Financière de Tubize, result from the exchange ratio that was applied at the merger between Financière de Tubize and Financière d'Obourg in 2005. Each right represents 1/90th of a Financière de Tubize share. The request for delisting is justified primarily by the fact that these rights, which were from the beginning intended to be listed for a limited period only to facilitate the reconstruction of a share, represent today no more than approximately 0.02% of the capital of Financière de Tubize, and that the liquidity of the market of those rights is very poor. The request for delisting has been approved by Euronext Brussels and became effective as from 2 November 2015 onwards. The rights that are still in circulation can, as from that date onwards, be exchanged on the Expert Market, a market organised by Euronext Brussels for securities that are not or no longer listed. The listing of the shares of Financière de Tubize (ISIN TUB BE0003823409) on the regulated market of Euronext Brussels remains unchanged.

IRS no longer designated as hedging instrument – The rescheduling of the bank debt at the end of 2014 and the early reimbursements executed during the first half of 2015, have modified the discounted cash flows of the floating rate bank borrowings. The cash flow risk resulting from these borrowings is hedged by an interest rate swap with a nominal value of € 80 million at 31 December 2015. As a result of the modification of the cash flows of the hedged borrowings, the amortisation schedule of the notional amount of the swap was no longer aligned to these cash flows. Consequently, the Company has discontinued hedge accounting for the € 80 million swap (see note 4.2.7. of the consolidated financial statements for more details and the quantitative impact). In the non-consolidated accounts, in accordance with Advice 2011/18 of 5 October 2011 of the *Commission des Normes Comptables / Commissie voor Boekhoudkundige Normen* concerning the accounting treatment of an interest rate swap, unrealised losses on the portion of the swap that no longer hedges floating rate debt, is recognised in

profit or loss. At 30 June 2015, an unrealised loss of € 891k has been recorded. At 31 December 2015, following the strong increase of floating rate borrowings during the second half of 2015, the Company was no longer in a position of over-hedging and the unrealised loss recorded in profit or loss of the first semester has been reversed in the second semester.

1.3 Key figures for 5 years

	2015	2014	2013	2012	2011
Participating interest in UCB at 31/12					
Number of UCB shares held by Tubize	68,076,981	66,370,000	66,370,000	66,370,000	66,370,000
% of total shares issued by UCB	35.00	34.12	36.18	36.20	36.20
Acquisition value (€ 000)	1,717,992	1,580,240	1,580,240	1,580,240	1,580,240
Equity method value (€ 000)	2,258,543	1,835,036	1,749,576	1,785,198	1,823,015
Fair value (€ 000)	5,666,047	4,194,584	3,593,272	2,868,511	2,157,689
Total assets at 31/12 (€ 000)					
Non consolidated	1,718,604	1,580,628	1,580,745	1,581,040	1,581,630
Consolidated	2,259,155	1,835,424	1,746,424	1,785,998	1,824,404
Equity at 31/12 (€ 000)					
Non consolidated	1,406,892	1,369,456	1,331,135	1,295,864	1,263,099
Consolidated	1,947,314	1,621,876	1,496,850	1,492,466	1,504,091
Bank borrowings at 31/12 (€ 000)	286,328	187,000	226,000	261,000	293,000
Balance sheet structure at 31/12 (%)					
Solvency ¹	81.86	86.64	84.21	81.96	79.86
Indebtedness ²	5.05	4.46	6.29	9.10	13.58
Profit (€ 000)					
Non consolidated	63,116	59,733	56,683	54,177	51,531
Consolidated	212,526	60,845	61,706	77,812	65,873
Gross dividend per share (€)	0.50	0.48	0.48	0.48	0.48
Share price(€)					
Minimum	49.00	45.75	31.80	22.37	20.31
Maximum	70.70	63.00	47.59	35.07	27.38
At 31/12	68.03	52.59	47.10	32.26	24.29
Number of shares	44,548,598	44,608,831	44,608,831	44,608,831	44,608,831
Market capitalisation at 31/12 (€ 000)	3,030,641	2,345,978	2,101,076	1,439,081	1,083,549
Daily average volume at Euronext Brussels (number of shares)	12,231	11,716	10,344	15,409	8,973

1.4 Results (non consolidated)

The non-consolidated profit moves from € 59,733k in 2014 to € 63,116k in 2015, an increase of € 3,383k or 5.66%.

The condensed profit or loss account looks as follows:

€ 000	2015	2014
Dividend from UCB	70,352	69,025
Interest income	1	37
Cost of borrowing	-6,642	-8,679
Other financial expenses	-2	-2
General expenses	-593	-648
Profit of the year before tax	63,116	59,733
Income taxes	-	-
Profit of the year	63,116	59,733

The dividend received from UCB in 2015 in relation to financial year 2014, amounts to € 70,352k (gross dividend of € 1.06 per share) against € 69,025k (€ 1.04 per share) for the prior year.

The cost of bank borrowings moves from € 8,679k in 2014 to € 6,642k in 2015. This decrease primarily results from lower average outstanding balances of bank debt. Significant reimbursements have been made in the first half of 2015 whilst the new borrowings to finance the acquisition of UCB shares didn't have impact until the end of the year. The positive effects of the debt rescheduling at the end of 2014 have had their full impact in 2015 through improved financial conditions and a better alignment of the debt roll-over dates to the date of the receipt of the dividend from UCB. The decrease of interest expenses

¹ Equity as a percentage of total assets. This ratio is calculated on a non-consolidated basis.

² Outstanding bank debt as a percentage of the market value of the participating interest in UCB

is partially compensated by the increase of commitment fees that are due on the non-utilised portion of confirmed credit lines.

Total general expenses amount to € 593k for financial year 2015.

There is no taxable basis following the application of the system of tax credits for dividends received. The objective of this system is to avoid multiple taxation of dividends received from companies; the profits distributed by the company that pays the dividend (UCB) are included in the taxable basis, whereas 95% of the amounts of dividends received by the beneficiary company (Financière de Tubize) is deductible from the taxable basis.

1.5 Financial position (non-consolidated)

The condensed non-consolidated balance sheet looks as follows:

€ 000	31/12/2015	31/12/2014
Participating interest in UCB	1,717,992	1,580,240
Current investments and cash at bank and in hand	565	354
Other assets	46	34
Total assets	1,718,603	1,580,628
Equity	1,406,892	1,369,456
Bank borrowings	286,328	187,000
Other liabilities	25,383	24,172
Total equity and liabilities	1,718,603	1,580,628

Participating interest in UCB

The participating interest in the capital of UCB is recorded at its acquisition value for an amount of € 1,717,992k. The movements in the participating interest during the financial year 2015 can be summarised as follows:

	01/01/2015	Acquisitions	31/12/2015
Number of shares UCB	66,370,000	1,706,981	68,076,981
% of total shares issued by UCB	34.12%	0.88%	35.00%
Book value (€ 000)	1,580,240	137,752	1,717,992
Book value per share (€)	23.81	80.70	25.24
Market value per share (€)	63.20	80.64	83.23

Equity

Equity moves from € 1,369,456k at 31 December 2014 to € 1,406,892k at 31 December 2015. This increase by € 37,436k stems from the profit of the year (€ 63,116k), partially compensated by the dividend payable in relation to financial year 2015 (€ 22,274k) and by the repurchase and cancellation of own shares in March 2015, of which the net impact of € 3,406k (the repurchase price of € 3,435k and the reversal of € 29k of dividends payable) has been directly recorded in equity.

The market capitalisation of Financière de Tubize amounts to € 3,030,641k at 31 December 2015 (44,548,598 shares at € 68.03) against € 2,345,978k at 31 December 2014 (44,608,831 shares at € 52.59).

The solvency ratio (equity as a percentage of total assets; calculated on a non-consolidated basis) has slightly decreased from 86.64% at 31 December 2014 to 81.86% at 31 December 2015. The ratio is still very strong and largely exceeds the minimum threshold of 70% that has been agreed with the banks.

Bank borrowings

The outstanding bank debt has decreased from € 187,000k at 31 December 2014 to € 145,000k at 30 June 2015. Next the outstanding has increased to € 286,328k at 31 December 2015. This increase was used to finance the purchase of UCB shares.

The changes during the year 2015 in the confirmed lines and their utilisation are described in note 4.2.6. of the consolidated accounts.

The indebtedness ratio (outstanding bank debt as a percentage of the market value of the participating interest in UCB) has slightly increased from 4.46% at 31 December 2014 to 5.05% at 31 December 2015, but is still very low and largely under the maximum threshold of 30% agreed with the banks.

1.6. Evolutions on a consolidated basis

€ 000	2015	2014
Non-consolidated profit	63,116	59,733
Elimination of received dividend from UCB	-70,352	-69,025
Share of the profit of UCB	219,768	71,557
Amortisation, after tax effect, of 2009 debt restructuring costs	-859	-860
Changes in deferred taxes on non distributed reserves of UCB SA/NV	1,269	-560
Reclassification adjustments, after tax effect, following partial discontinuation of hedge accounting	-2,244	-
Re-measurement of fair value of swap	1,828	-
Consolidated profit	212,526	60,845
Cash flow hedge	255	1,360
Reclassification adjustments, after tax effect, following partial discontinuation of hedge accounting	2,244	-
Share of other comprehensive income of UCB	138,094	44,293
Consolidated comprehensive income	353,119	106,498
Paid dividend	-21,383	-21,412
Repurchase of own shares	-3,435	-
Share of the other changes of net assets of UCB	-50,287	142,362
Impact of changes in the percentage of the participating interest in UCB	47,424	-102,422
Changes in consolidated equity	325,438	125,026
Consolidated equity beginning of the period	1,621,876	1,496,850
Consolidated equity end of period	1,947,314	1,621,876
Changes in consolidated equity	325,438	125,026

1.7. Dividend

In May 2015, the Company has received the dividend from UCB related to financial year 2014 (€ 70,352k) and paid its own dividend related to financial year 2014 (€ 21,383).

When submitting the annual result appropriation for approval by the general meeting, the board of directors takes several elements into consideration. Key considerations impacting the amount of the dividend are the primacy of the long term, the dependency of the dividend of UCB, compliance with contractual debt reimbursements, compliance with bank covenants, and the desire of shareholders to benefit from a recurring remuneration. The board of directors proposes, for the financial year 2015, to distribute a gross dividend of € 0.50 per share, an increase of 4.17% compared to the preceding year. For this purpose, a total amount of € 22,274k has been recorded as a liability in the annual accounts as at 31 December 2015.

If the general meeting of 27 April 2016 approves the 2015 annual accounts and the proposed result appropriation, the dividend will be paid as from 9 May 2016 onwards at the offices, seats and branches of BNP Paribas Fortis, in exchange of coupon n° 11.

Coupon n° 11	Dates
Ex-coupon	5 May 2016
Record	6 May 2016
Payment	9 May 2016

1.8. Main risks and uncertainties

Concentration risk - Tubize's sole asset consisting of a participating interest in UCB, the main risk factors and uncertainties the Company is facing are similar to those of UCB. 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 minimise its exposure to risks that could threaten its corporate objectives. The board of directors is responsible for approving the strategy, goals and objectives of the UCB Group and for 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, provides strategic leadership that endorses the corporate risk assessment and prioritisation process that drives the establishment of risk mitigation plans within all business functions and operations, supported by a global risk 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.

Price risk - Tubize is exposed to the market risk related to the evolution of the UCB share price. Even though elements of market imperfection might occasionally affect the share price, the board is confident that the evolution of the share price over a sufficiently long time horizon is a reliable indicator of the performance of the UCB group and its long-term development.

Interest rate risk – Tubize is exposed to interest rate risk from fixed rate bank borrowings. The board monitors this risk through periodic calculations of the fair value of these borrowings.

Cash flow risk – Tubize is exposed to cash flow risk from floating rate bank borrowings. The Company can, based on the results of its periodic assessment of the evolution of the interest rate markets, make use of interest rate swaps to cover (part of) this exposure.

Liquidity risk - Tubize is exposed to liquidity risk, in particular the risk that the Company might have difficulties in satisfying its obligations under the bank debt agreements. The board is confident that the expected flux of dividends from UCB will allow the Company to satisfy the committed reimbursements on the existing borrowings.

Counterparty risk occurs when a bank-counterparty to cash at bank amounts or to interest rate swaps would not meet its obligations and Tubize, as a result thereof, would incur a financial loss. The bank-counterparties are Belgian banks with a rating of ‘upper medium grade’.

Operational risk stems from inadequate or failing internal processes and systems, human errors, or external events. The Company has established detailed accounting and IT controls for each significant process. The Company has no personnel. The responsibility of directors and officers is covered by insurance.

Legal risk is linked to the evolution of the law, which may result in some legal uncertainty or interpretation difficulties. The board relies on legal advice from an external law firm.

Compliance risk stems from non-compliance with applicable laws and regulations. The board relies on external expert advice related to legal, tax and financial matters. The Company has adopted a dealing code that establishes detailed conduct of business rules to avoid insider trading; these rules impose certain prohibitions as well as preventive measures. The Company has established a conflict of interest policy based on strict ethical rules and a rigorous compliance of all legal and regulatory requirements applicable to the subject.

Reputational risk – To avoid damage to its image or reputation, the Company has established a corporate governance system based on proactive risk management, listening to all stakeholders, and transparent communication of significant issues.

2. Post balance sheet events

No significant events, specific to Financière de Tubize, have occurred subsequent to the closing of the accounting year. The significant decrease of share prices across Europe since 31 December 2015, has also been reflected in the evolution of the share prices of UCB and Tubize. This post balance sheet event has no impact on the 31 December 2015 accounts.

3. Circumstances that might have a notable influence on the development of the Company

Future results of the Company will depend on (i) the dividend per share distributed by UCB, (ii) the number of UCB shares held, and (iii) the cost of the bank borrowings. The consolidated results will depend on the UCB outlook, which is commented in the UCB annual report.

4. Research and development

The Company has not pursued any activities in the field of research and development.

The activities of UCB are described in its own board report.

5. Branches

The Company has no branches.

6. Justification of the application of the valuation rules in going concern

This clause solely applies when the balance sheet shows losses carried forward or the income statement shows a loss for the year during two consecutive years. The Company is not in such position.

7. Other information by virtue of the Company Code

Articles 523, §1 and 524ter – During the accounting year 2015, no instances have occurred whereby a director or the general manager had a patrimonial interest opposite to a decision or transaction within the authority of the board of directors or the general manager.

Article 524, §1, 2, 3 and 5 - During the accounting year 2015, no decisions or transactions have taken place that are in scope of this article that deals with conflicts of interest in the relationship with certain affiliated entities.

Article 524, §7 – This clause about substantial limitations or charges imposed by the parent company does not apply, as the Company has no parent.

Article 608 - This clause about the utilisation of authorised capital does not apply, as the Company has no authorised capital.

Articles 624 and 630 – As described in section 1.2, the Company has, within the context of the last phase of the law of 14 December 2005 concerning the abolition of bearer shares, and to avoid a long and expensive sales process, acquired on Euronext Brussels, 60,233 own shares at € 57.03 per share (total value of € 3,435k). The par value of these shares amounted to € 5.27 per share. They represented 0.14% of the capital. These shares have been cancelled on 11 March 2015 without a decrease of the capital. Today, the Company does not hold any own shares. Furthermore, the Company has not pledged its own shares.

8. Financial instruments

The main financial instruments to which the Company is a party, are the bank borrowings and an interest rate swap. All the relevant information concerning these instruments is included in the notes 4.2.6 and 4.2.7 of the consolidated financial statements.

The Company's exposure to financial risks and its objectives and policies to manage these risks are described in section 1.8 of this report and in note 4.2.2 of the consolidated financial statements.

9. Independence and competence in respect of accounting and auditing of at least one member of the audit committee

Based on the exemption set out in article 526bis §3 of the Company Code, the functions assigned to the audit committee are exercised by the board of directors in its entirety. The chairman of the board of directors, François Tesch, is an independent director as defined in article 526ter of the Company Code and Appendix A of the 2009 Corporate Governance Code. He is competent in respect of accounting and auditing matters.

10. Corporate governance statement

10.1. Reference code

Financière de Tubize adopts the 2009 Belgian Code on Corporate Governance (the 'Code'), established by the Corporate Governance Committee, as its reference code. This Code can be consulted on the site www.corporategovernancecommittee.be. The Company does not apply corporate governance practices other than those required by the Code and the law.

The Corporate Governance Charter of Tubize is published on the website www.financiere-tubize.be. It presents the implementation by Tubize of the recommendations of the Code, taking into account the specificities of the Company, and according to the 'comply or explain' principle.

10.2. Departures from the Code

Given the simplicity of its operating structure and the fact that the Company has only one asset, namely its 35% interest in UCB, certain rules of the Code do not appear to be appropriate. It concerns the following items:

- The Code stipulates that minimum three members of the board of directors are independent according to the criteria set out in Appendix A to the Code. The board of Tubize has today two independent directors. In composing the board, several dimensions are taken into consideration such as legal requirements, compliance with the Code, representation of the reference shareholders, family character of the reference shareholders, transition to a new generation, size of the board, complementarity of expertise and competencies, diversity of functions, gender, independence, motivation, personal qualities, availability, ... The possibilities for appointing a third independent director will be examined taking into account the other factors that also influence the board composition.
- The Board does not have any specialised committees (audit committee, appointment committee or remuneration committee). Given its limited size the Company is exempt from the obligation to install an audit committee and a remuneration committee. The functions assigned to those committees are exercised by the board in its entirety. The board is of the opinion that the same practice can also be applied in respect of the appointment committee.

10.3. Main characteristics of the Company's internal control and risk management systems that support the financial reporting process

10.3.1. At the level of Tubize

The board of directors has implemented a set of procedures, which must provide reasonable assurance with regard to the integrity and reliability of financial information. Once a year the board, in its capacity of audit committee, assesses these procedures.

The procedures are tailored to the limited activities of the Company and to its simple operating structure, and consist of the following elements:

- A commitment towards integrity and ethical values that promotes a positive attitude towards internal control
- Identifying and analysing the risks that could hinder the Company in realising its objectives of integrity and reliability of the financial information
- Setting up control activities (standards and procedures) to manage these risks
- Setting up information and communication systems to allow follow up of the integrity and reliability of financial information and the publication thereof
- Identifying, documenting and communicating all relevant information to allow all executives to effectively carry out their responsibilities within the process of financial reporting
- Regular monitoring and evaluation of the procedures put in place.

General procedures include organisational procedures (such as a clear governance structure, an effective and efficient board of directors, a clear structure of the day-to-day management, clearly defined responsibilities and signature authorities, a detailed Dealing Code, detailed procedures and rules regarding communication and conflicts of interest, a detailed annual budget, procedures to safeguard the continuity and reliability of electronic information systems), accounting procedures (such as the outsourcing of the bookkeeping function to a licensed accountant, and the detailed procedures for the preparation of the annual accounts and the consolidated financial statements), consultation procedures (such as the ad hoc appeal to external advisers in respect of legal, tax and financial matters) and information flow procedures (such as the frequent dialogue between the general manager and the chairman of the board of directors, and the detailed preparatory files for each board meeting).

In addition to the general procedures, specific procedures are in place to manage the identified risks (such as the analytical review of the trial balance by the general manager, maintaining a closing file with detailed justification of the balances, reconciling accounts, usage of disclosure checklists to ensure compliance with the accounting standards).

The financial position and the results of Tubize are impacted by the results of UCB, on a non-consolidated level through the received dividends and on a consolidated level through the application of the equity method. Consequently, the quality of the financial reporting process depends on the quality of the equivalent process at UCB. The main characteristics of the systems of internal control and risk management embedded in the UCB financial reporting process are summarised in section 10.3.2

hereafter. The board of Tubize monitors these systems through its representatives in the board of directors and the audit committee of UCB.

10.3.2. At the level of UCB

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 minimise 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 receivable, trade inventories, accruals, provisions, reserves and payments is performed, and the finance directors/representatives of all individual business units are required to acknowledge that their financial reporting, in these areas, is based on reliable data and that their results are properly stated in accordance with requirements.

These procedures are coordinated by the Global Internal Audit function in advance of the issuance of the half-year and annual accounts. The results of the procedures are reviewed with the chief accounting office, as well as with finance, legal and the external auditors. Appropriate follow up of any potential issues identified is performed and consideration of adjustments to 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.

10.4. Transparency information

10.4.1. Shareholders structure

Tubize has received a transparency notification, dated 4 January 2016, stating that, following the acquisition during 2015 of 50,000 Tubize shares by SPRL Eric Janssen and the contribution on 30 December 2015 of 1,938,800 Tubize shares to Financière Eric Janssen, the latter now holds 23.60% of the voting rights of Tubize and has thus crossed the participation threshold of 20%. On the basis of all declarations notified to the Company, the shareholders structure of Tubize can be summarised as follows:

	In concert		Outside concert		Total	
	Number	%	Number	%	Number	%
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%
Altai 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%

Altai Invest is controlled by Evelyn du Monceau. Barnfin is controlled by Bridget van Rijckevorsel.

For a description of the key elements of the concert, see section 10.4.7.

10.4.2. Structure of the capital

The share capital of the Company is fixed at € 235,000,000 and is represented by 44,548,598 ordinary shares. Each share gives the same rights to dividends and entitlement to one vote at the general shareholders meeting.

10.4.3. Restrictions to the transfer of shares

No restrictions apply to the transfer of shares other than those imposed by law or those that might result from shareholders agreements (see section 10.4.7.).

10.4.4. Special control rights

There are no instruments with special control rights.

10.4.5. Control mechanisms in a system of shareholdings by the personnel

No system of shareholdings by the personnel is in place.

10.4.6. Restrictions to the exercise of voting rights

There are no restrictions, other than legal, to the exercise of voting rights.

To attend or be represented at the general meeting and exercise her/his voting right, a shareholder must have carried out the accounting registration of his/her shares no later than the fourteenth day before the general meeting at 24:00h Belgian time (being Wednesday 13 April 2016, the "Registration Date"), either by registering them in the Company's register of nominative shares, or by registering them in the accounts of a licensed account holder or a settlement institution, the number of shares held on the day of the meeting being disregarded.

The shareholder must also inform the Company of her/his desire to attend the general meeting. A holder of nominative shares should send to the Company the signed original of the attendance notice, this form being appended to the convening notice. A holder of dematerialized shares should send to the Company an attestation, issued by the licensed account holder or by the settlement institution, certifying the number of shares that are registered in the accounts of the account holder or settlement institution on the name of the shareholder at the Registration Date and for which the shareholder has declared he/she wants to participate in the general meeting. The attendance notice or the attestation should reach the Company, at its registered seat, no later than six days before the date of the general meeting (being Thursday 21 April 2016).

10.4.7. Agreements between shareholders

The reference shareholders, belonging to the Janssen family, act in concert. The terms of the concert are laid down in a shareholders agreement. The key elements of this agreement can be summarised as follows:

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

10.4.8. Rules applicable to the appointment and replacement of members of the board of directors

The board of directors submits to the general shareholders meeting the appointments or renewals of directorships that it proposes. The shareholders may also propose candidates.

Proposals for appointment shall specify the term proposed for the mandate and indicate the useful information on the professional qualifications of the candidate, as well as a list of functions that the proposed director already exercises.

The general shareholders meeting decides on the proposals by a majority of the votes cast.

Directors are appointed by the general shareholders meeting for a term of 4 years. They are re-eligible. The expiring mandates come to an end after the ordinary general shareholders meeting, which has not renewed them.

In the event of a vacancy on the board, the directors may fill the vacancy temporarily. The general shareholders meeting will at its next meeting conduct a definitive election.

An age limit has been set at the date of the ordinary general meeting following the seventy-fifth anniversary of a member. In such a case, the person concerned resigns from his/her mandate, which is, in principle, taken over and pursued by the successor appointed by the general shareholders meeting.

10.4.9. Rules applicable to the modification of the articles of association

Only the general meeting of shareholders can amend the articles of association.

The general meeting can only deliberate on amendments of the articles of association if the purpose of the proposed amendments is explicitly mentioned in the convening notice and if those who attend the meeting represent at least half of the capital. If the latter condition is not met, a new meeting can validly deliberate irrespective of the portion of capital represented.

An amendment requires a 3/4th majority of the votes, except in those cases where the law requires stricter majority rules.

10.4.10. Powers of the board of directors

The board of directors is the management body of the Company.

It is competent to decide on all matters that the law or the articles of association do not expressly entrust to the general shareholders meeting.

It is responsible for the general strategy of the Company and the implementation thereof.

Within the context of its mission, the tasks of the board of directors include but are not limited to:

- Defining the strategic objectives and implementing structures enabling their achievement
- Establishing the accounts and proposing the appropriation of the result
- Approving investments
- Ensuring the timely publication of the financial statements and other significant financial or non-financial information communicated to the shareholders and to the general public.

The general shareholders meeting of 24 April 2013 has authorised the board of directors to acquire shares of the Company, under the conditions set out in the law, for a period of five years from the said general meeting. The par value of the purchased shares may not exceed 20% of the subscribed capital. The acquisitions can be realised at a price between € 1 and € 200. To avoid serious and imminent damage to the Company, the general shareholders meeting of 24 April 2013 has further authorised the board of directors to acquire shares of the Company for a period of three years from the date of the publication of the amendment of the articles of association by the before mentioned general meeting. To an extraordinary general meeting to be held on 27 April 2016, it will be proposed to vote in favour of the renewal of this authorisation.

10.4.11. Significant agreements that might be impacted by a takeover bid

The Company is not a party to significant agreements that will become effective, be modified or be terminated in case of change of control of the Company following a takeover bid, other than those that are described hereafter and have been approved by a special decision of the general shareholders meeting:

- The rights conferred to KBC Bank SA/NV to terminate or suspend, entirely or partly, the credit facility of € 112 million described in the loan agreement of 15 December 2015, and all its forms of utilisation, for the utilised part as well as for the non utilised part, without formal notice or prior judicial recourse, with immediate effect at the date of sending the letter notifying the termination or the suspension, all this in case of substantial modifications of the Company's shareholder structure which might have an impact on the composition of the management bodies or on the overall risk assessment by the bank.
- The rights conferred to BNP Paribas Fortis SA/NV to suspend or terminate, with immediate effect and without formal notice, entirely or partly, the credit facility of € 75 million described in the loan agreement of 6 November 2014, or one of its forms of utilisation, for the utilised part as well as for the non utilised part, all this in case of substantial modifications of the shareholders structure which might have an impact on the composition of the governing bodies (as well as on the persons responsible for the day-to-day management) or on the overall risk assessment by the bank.

10.4.12. Indemnities in case of a takeover bid

There are no agreements between the Company and its directors or officers that would, as a result of a takeover bid, trigger indemnities to directors or officers resigning or being forced to quit their functions without any valid reason. The Company has no personnel.

10.5. Composition and functioning of the board of directors

10.5.1. Composition

The general shareholders meeting fixes the number of directors. According to the articles of association, the board of directors consists of at least three members. Today the board consists of ten members (eight representatives of the reference shareholders and two independent directors).

	Function	Independent¹	Executive²	Mandate³
François Tesch	Chairman	Yes	No	2012-16
Charlofin NV, represented by Karel Boone	Director	Yes	No	2014-18
Arnoud de Pret	Director	No	No	2014-18
Cyril Janssen	Director	No	No	2015-19
Charles-Antoine Janssen	Director	No	No	2015-19
Nicolas Janssen	Director	No	No	2014-18
Evelyn du Monceau	Director	No	No	2015-19
Fiona de Hemptinne	Director	No	No	2014-18
Cédric van Rijckevorsel	Director	No	No	2013-17
Cynthia Favre d'Echallens	Director	No	No	2014-18

10.5.2. Functioning

The board of directors appoints a chairman from among its members. The chairman coordinates the activities of the board and ensures its proper functioning. He ensures in particular that the best practices of corporate governance apply to the relations between the shareholders, the board of directors and the general manager responsible for the day-to-day management.

The role of company secretary is entrusted to the general manager. The company secretary ensures, under the leadership of the chairman, good information flow within the board of directors. He facilitates the initial training of board members and helps them, if required, in their professional development. Directors can individually call upon the secretary. The company secretary regularly reports to the board, under the leadership of the chairman, on how board procedures, rules and regulations are complied with.

The board of directors meets when it is convened by the chairman or by the director replacing him, as often as the interests of the Company so require. It must in addition be convened when at least two directors so request. Convening is done by a written invitation to each of the directors, eight days before the meeting, except in case of urgency, and including the agenda. The board of directors can validly meet without convening if all directors are present or represented and have agreed on the agenda.

The board of directors meets at least three times a year. In 2015 the board has met four times. The individual attendance rates of the directors is summarized in the table hereafter.

	Attendance
François Tesch	100%
Charlofin NV, represented by Karel Boone	100%
Arnoud de Pret	75%
Cyril Janssen	100%
Charles-Antoine Janssen	100%
Nicolas Janssen	75%
Evelyn du Monceau	100%
Fiona de Hemptinne	100%
Cédric van Rijckevorsel	100%
Cynthia Favre d'Echallens	75%

The chairman of the board of directors draws up the agenda of the meetings. He ensures that the directors receive, prior to the meetings and in good time, the same precise and detailed information.

The meetings of the board of directors are chaired by the chairman or by the director replacing him.

¹ Independent according to article 526ter of the Company Code and Appendix A of the 2009 Corporate Governance Code; the non independent directors are representatives of the reference shareholders

² Executive according to article 526bis §3 of the Company Code

³ Years of the ordinary shareholders meetings that indicate beginning and end of the mandate

The board may validly decide only if half of the members are present or represented. The quorum of presence is calculated on the basis of the number of directors taking part in the voting, without taking into account those who should withdraw from the deliberation pursuant to the Company Code.

Each director may, by simple letter or proxy, delegate another board member the power to represent him/her. However, no director may have more than two votes, including her/his own vote.

Resolutions are adopted by a majority of votes. In the event of a tie, the chairman of the meeting has the casting vote.

In cases where it is permitted by law, which must remain exceptional and must be duly justified by urgency and the interests of the Company, decisions of the board of directors may be taken by the unanimous written consent of the directors.

The deliberations of the board of directors are documented in minutes that are kept in a special register at the seat of the Company. These minutes are signed by at least the majority of the members who have taken part in the deliberations.

As indicated above, the board does not have any specialised committees. The Company benefits in this regard from the exemptions set out in articles 526bis § 3 and 526quater § 4 of the Company Code with respect to the audit committee and the remuneration committee. It is therefore the board in its entirety that serves as the audit committee and the remuneration committee.

During the accounting year 2015 there have been no transactions or contractual relationships between, on the one hand, the directors and/or the general manager and, on the other hand, the Company and/or UCB, other than those in their capacity of director of Tubize and/or UCB or of general manager of Tubize.

During its session of 17 December 2015, the board of directors has assessed the operating effectiveness of its functioning. The board is of the opinion that its functioning is highly effective. Punctual actions have been approved in response to the recommendations for further improvement.

10.6. Gender diversity within the board of directors

Article 518bis §1 of the Company Code requires minimum one third of the board members to have a gender that is different from that of the other members. The required minimum number is rounded to the nearest whole number.

Because its free float is less than 50%, this legal requirement will not be effective for Tubize until the accounting year 2019. The current composition of the board with 7 male and 3 female members already complies with the legal requirement.

10.7. Remuneration report

10.7.1. Responsibilities

The functions assigned to the remuneration committee are exercised by the board of directors in its entirety. The board determines the remuneration policy for the directors and for the executive responsible for the day-to-day management ('general manager'), as well as their individual remuneration.

10.7.2. Policy

The remuneration of the directors solely consists of fixed fees. The fee of the chairman of the board of directors is twice the fee of a director.

The service agreement between the Company and the general manager provides for a remuneration based on the number of hours performed.

For the accounting years 2016 and 2017, the board of directors does, at present, not anticipate significant amendments to this remuneration policy.

10.7.3. Remuneration and other benefits granted to non-executive directors

The fixed fee for the directors amounts to € 10,000 for the accounting year 2015. The fixed fee for the chairman of the board of directors amounts to € 20,000.

Evelyn du Monceau, Arnoud de Pret (until 30 April 2015), Charles-Antoine Janssen, Cédric van Rijckevorsel and Cyril Janssen (starting from 30 April 2015) are also members of the board of directors of UCB. Evelyn du Monceau is vice-chairman of the board and chairman of the Governance, Nomination & Remuneration Committee. Charles-Antoine Janssen is member of the audit committee since 30 April

2015. The remuneration they receive for their functions of UCB director is determined in accordance with the UCB remuneration policy and can be summarised as follows:

€ 000	Evelyn du Monceau	Arnoud de Pret	Cédric van Rijckevorsel	Charles-Antoine Janssen	Cyril Janssen
Annual remuneration	105.0	23.3	70.0	70.0	467
Attendance fees	10.5	-	7.0	7.0	5.0
Chair of a committee	20.0	-	-	-	-
Member of a committee	-	-	-	13.3	-
Total	135.5	25.3	77.0	90.3	51.7

10.7.4. Remuneration of executives in their capacity of director

The general manager is the only executive of the Company. He is not a member of the board of directors.

10.7.5. Performance related remuneration of the general manager

The general manager does not receive any remuneration that is linked to the performance of Tubize or UCB.

10.7.6. Breakdown of the remuneration and other benefits granted to the general manager

Management fees granted to Marc Van Steenvoort (MVS) for accounting year 2015 amounts to € 158k (exclusive of VAT), of which an amount of € 27k (exclusive of VAT) has been paid by MVS for subcontracted bookkeeping services.

10.7.7. Breakdown of the remuneration and other benefits granted to other executives

As the general manager is the only executive of the Company, this information is not applicable.

10.7.8. Shares granted to the general manager

The general manager does not receive shares, share options or any other rights to acquire shares of Tubize or UCB.

10.7.9. Severance pay clauses with respect to the general manager

The service agreement between the Company and the general manager, foresees that the latter is entitled to an indemnity equal to a quarterly remuneration when the Company terminates the agreement in case the general manager is no longer capable to fully exercise his missions for reasons of illness. The indemnity will be determined based on the average remuneration invoiced by the general manager to the Company and paid by the latter with respect to the four quarters preceding the termination of the agreement.

10.7.10. Severance pay to the general manager

No severance pay has been granted in 2015.

10.7.11. Recovery of variable remuneration granted to the general manager based on erroneous financial information

This section is not applicable, as the remuneration of the general manager does not contain variable components.

Brussels, 25 February 2016
The board of directors