

CSR report 2020

Improving lives

Forward with confidence

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Our commitment

Our commitment to Corporate Social Responsibility (CSR) is intrinsically linked to our core mission: to discover and develop novel modes of action medicines for diseases with large unmet medical needs, primarily in inflammation and fibrosis, with the aim to improve the lives of patients worldwide.

On a daily basis, our goal is to make a valuable and sustainable contribution to society with our discovery, clinical development, and commercialization efforts. Filgotinib and GLPG1205 are clinical examples of how our approach to finding novel medicines may be able to make a difference for patients in a range of disease areas. Our unique target discovery approach addresses the root cause of the disease rather than just treating the symptoms, and we have a substantial, growing pipeline of novel candidate medicines in inflammation, fibrosis and beyond. In this way, we aim to make a sustainable positive contribution to society.

In 2020, we received approval for our first innovative product, filgotinib in RA, in Europa and Japan. Filgotinib is now being launched in these territories.



Pioneering for patients

We are pioneering for patients.
Exploring new frontiers to
improve people's lives.
We discover. We dare. We care.

Implementing our CSR initiatives

Since our foundation more than 20 years ago, we focus on the discovery and development of innovative medicines to treat severe diseases with high unmet medical needs.

Based on our core mission, in 2018, we defined the four material aspects of our corporate responsibility and sustainability efforts through engagement with internal and external stakeholders across our different locations. These material aspects help us to identify and prioritize the sustainability issues that matter most to our business in terms of growth, risk and goals, and to our stakeholders, including patients, investors, analysts, employees, and suppliers. The four material aspects have remained the four pillars that define our CSR strategy and action plans in 2020 and ensure that we report on the most interesting and relevant matters. We also regularly re-evaluate the reporting aspects for materiality to ensure they continue to be current and complete.

The four priority topics and material CSR aspects that we put forward are:



Improving people's lives

- Science and innovation management
- Building partnerships to bring innovation to patients
- Access to our candidate medicines

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Our employees are the strength behind Galapagos

- Building a strong corporate culture
- Human capital management
- Employees engagement

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Conducting business ethically and responsibly

- Manage our operations with ethics and integrity
- Our Code of Business Conduct and Ethics

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We care about the environment, health and safety

- Environmental policy
- Eco-efficient operations
- Employee well-being

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To standardize our data collection, we use the Sustainable Development Goals (SDGs), also known as the Global Goals, as our reference framework to link the material aspects to our areas of engagement. The SDGs were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. This CSR report provides the non-financial information required by articles 3:6 § 4 and 3:32 § 2 of the Belgian Companies Code. For a discussion on risks, please see the section called Risk factors in this Annual Report.

We have identified eight key SDG goals where we believe we can make a difference. The table below links our material aspects and engagement areas to selected aspects of the SDG framework:

	<p>Good health and well-being</p> <p>Health and improving lives through our breakthrough medicines are at the core of what we do</p>		<p>Quality education</p> <p>We invest in our employees and foster an inclusive, open and supportive work environment across our nine locations in Europe and the U.S.</p>
	<p>Gender equality</p> <p>We cultivate a corporate culture where we strive for gender equality</p>		<p>Decent work and economic growth</p> <p>We have achieved our long term ambition of becoming a fully integrated biopharmaceutical company and currently employ >1,300 people across our nine locations in Europe and the U.S.</p>
	<p>Industry, innovation and infrastructure</p> <p>Our mission is to bring innovative medicines to patients suffering from severe diseases in areas of high unmet medical needs in a social and sustainable way</p>		<p>Reduced inequalities</p> <p>We aim to develop a balanced workforce across a number of criteria, including gender, nationality, ethnicity, experience and disability</p>
	<p>Climate action</p> <p>We value our planet and take initiatives to safeguard the environment and incorporate greener practices across our organization</p>		<p>Partnerships for the goals</p> <p>We embrace internal and external partnerships to work towards our mission to bringing much needed innovation to patients</p>

As part of our commitment to CSR, we monitor new developments and practices and will consider implementing new priority goals that could further enhance our CSR activities in the future.

Our commitment and areas of engagement are described below in the discussion of the four materials aspects, which are also linked to the eight SDGs that we consider important to the company.

Material aspect 1: Improving people's lives



We strive to discover, develop, and eventually commercialize breakthrough medicines with novel modes of action, addressing disease areas of high unmet medical need. At the core of our mission is the improvement of the lives of patients suffering from severe diseases with medicines that offer novel treatment options.



We are pioneering for patients

There is a real need for medicines with novel mechanisms of action that address the underlying cause of a disease. There are many diseases for which there is no approved therapy today and many more diseases for which current therapies leave room for improvement in patient outcomes. New mechanism of action medicines offer the opportunity for alternative new clinical options for caregivers and patients. At the same time, they potentially decrease the burden for society, by lowering healthcare costs.

We create value through science

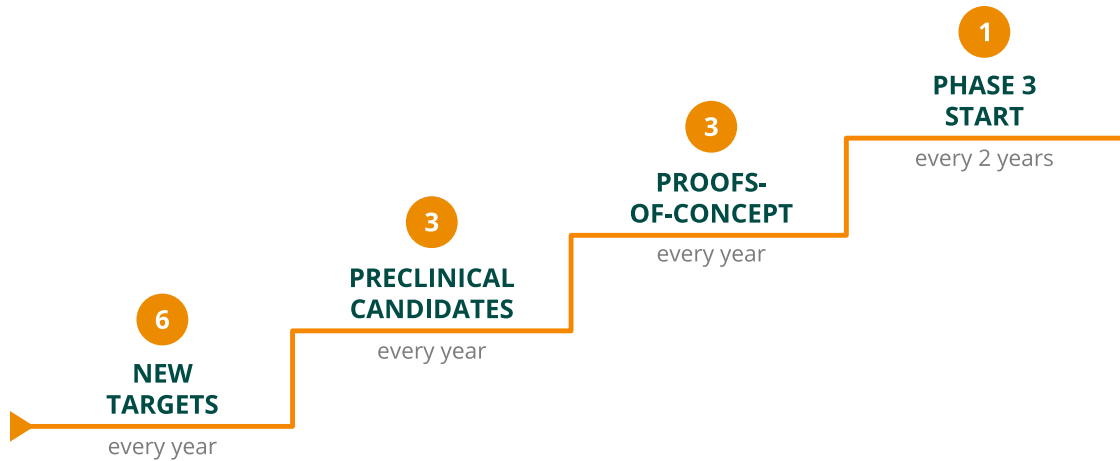
Read the Magazine, visit <https://reports.glp.com/annual-report-2020/en/magazine> >

Our highly flexible target and drug discovery platform has been applied across many therapeutic areas, and our deep pipeline today covers a range of diseases, with a focus on inflammation and fibrosis candidate drugs across all stages of development. Following the approval of our first product, filgotinib in RA, we have launched filgotinib in a number of European territories, and expect to further accelerate the commercial roll-out in Europe in the course of 2021. We hope to receive approval from the European authorities for a second indication, UC, later this year as well, and look forward to bringing filgotinib to patients living with this debilitating disease throughout Europe.

We think big

Work at Galapagos, visit www.workatgalapagos.com >

R&D goal



We continue to invest heavily in R&D and aim to initiate a Phase 3 trial every other year, to conduct at least three Proof of Concept trials, and deliver at least three preclinical product candidates and at least six new validated targets annually. The impact of the ongoing COVID 19 pandemic on our R&D efforts at the time of publication of this report is described here.

€524M

Research and Development Expenses in 2020

+25% vs 2019

Based on our powerful drug discovery engine, we are building a deep, early pipeline of novel product candidates to ensure continued innovation, with potential benefits to patients, healthcare professionals and society.

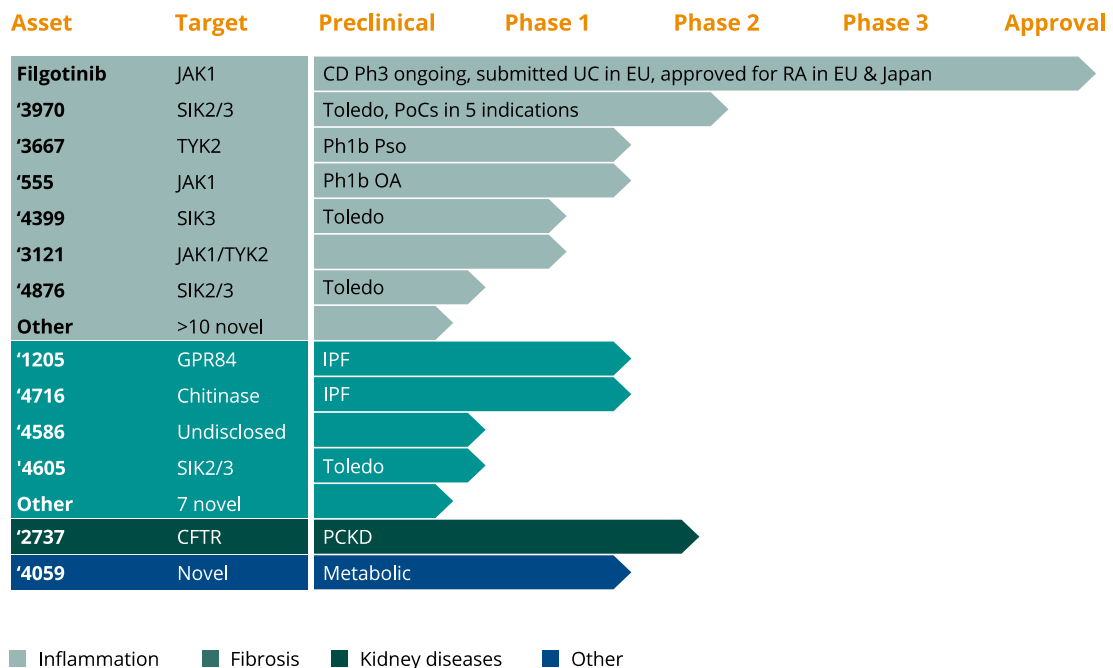
R&D portfolio



* LO: Lead optimization

We aim to select promising programs for internal development and commercialization, and to establish ourselves further as a fully integrated biopharmaceutical company. With filgotinib now launched and with a deep pipeline of early to late stage programs, we continue to focus on our mission to deliver innovative medicines to patients.

Our clinical pipeline



Accelerating innovation through collaborations

We have a number of collaborations with leading pharmaceutical companies to significantly enhance our R&D efforts and pursue innovation to the benefit of patients. We are very proud of the transformative R&D collaboration with Gilead that we signed in 2019. This collaboration should enable us to substantially boost our pipeline of novel product candidates.

To strengthen our inflammation pipeline further, in 2020, we entered into collaborations with Ryvu and Scipher Medicine to discover and develop novel target drugs in inflammation. Within our fibrosis pipeline, we entered into a collaboration with OncoArendi, to work jointly on innovative approaches to treat severe fibrotic diseases.

We evaluate new opportunities to add to our pipeline on a continuous basis, in order to bring innovation to patients.

Access to our research publications

Open access publishing will best serve our aim to make our research freely available to the research community and other stakeholders. We aim to contribute to society through discovery of breakthrough therapies for diseases with large unmet medical need. By opening up access, we make our scientific research publications publicly available.

Access to our candidate medicines

In pursuit of the development and commercialization of novel medicines that have the potential to improve people's lives, we encourage patients to participate in clinical trials whenever possible. These clinical trials are critical to gather the information (or data) needed to evaluate investigational products and seek their approval by health authorities, such as the FDA and the EMA.

Information about ongoing clinical trials for our investigational drugs is available on clinicaltrials.gov, a service of the U.S. National Institutes of Health that provides details on clinical trials conducted worldwide.

Next to the information on clinicaltrials.gov, there are several patient information portals where more information regarding Galapagos related Phase 3 studies can be found.

For example, our partner Gilead launched a study information portal regarding the Phase 3 studies with filgotinib in [Crohn's disease \(DIVERSITY\)](#).

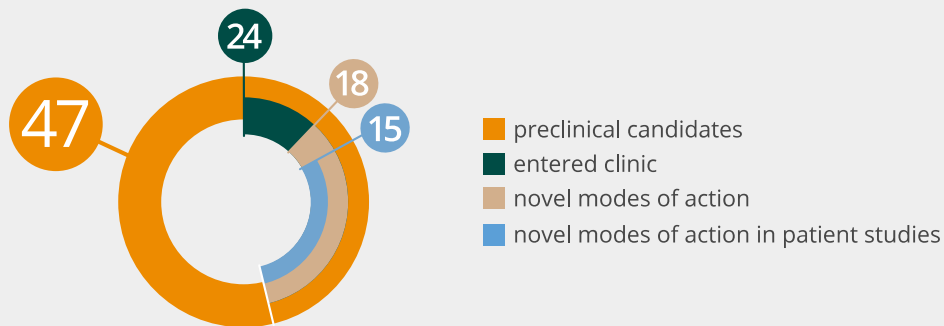
In some rare cases, patients are unable to participate in clinical trials and have exhausted all available treatment options. In these cases, Galapagos has a policy in place to assess whether the investigational product can be offered to a patient outside of a clinical trial, through a program called "expanded access". Expanded access is also often referred to as "compassionate use". A full copy of our Expanded Access Policy can be found on our [website](#).



Actions in 2020

- We delivered 5 new validated targets, compared to our goal of 6
- We nominated 3 new preclinical candidates, all with a novel mechanism of action, compared to our goal of 3
- We conducted 10 Proof of Concept trials, compared to our goal of 11
- We submitted 1 product candidate (filgotinib) for regulatory review in an additional indication in Europe, compared to our goal of 1
- We received 1 regulatory approval for our product candidate (filgotinib) in Europe and Japan
- In June 2020, we set up a new Galapagos Medical Information service, and we received 272 inquiries

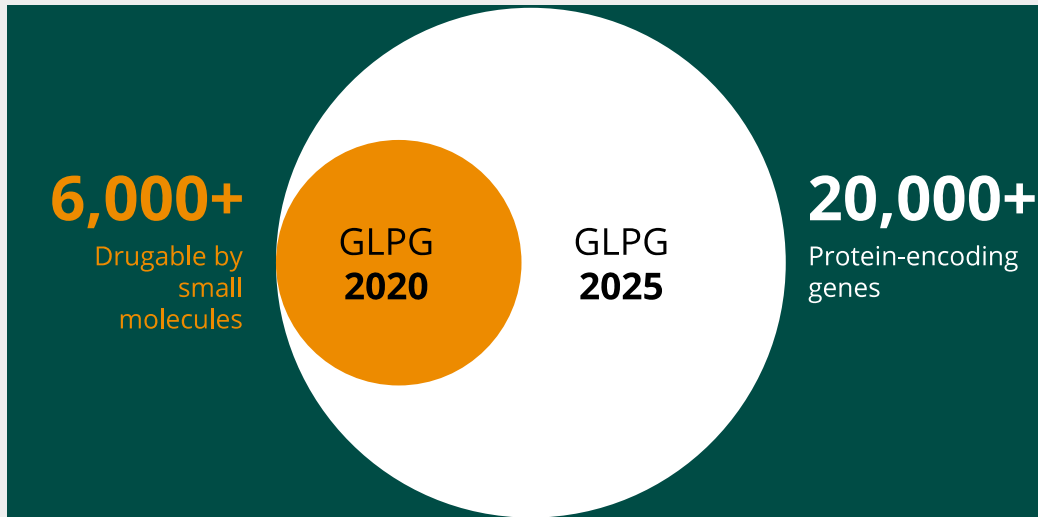
These efforts brought us to 47 preclinical candidates since 2009, most of which have novel modes of action. Of these, 24 have entered the clinic, 18 of which are expected to have novel modes of action.



Future ambitions

- Report topline results of ongoing clinical trials, including our Proof of Concept trials from our Toledo program
- Launch an information portal on our clinical trials for patients and physicians
- Invest in our target discovery capabilities, in order to broaden our pool of targets, which in turn should deliver more validated targets and Proof of Concepts on a yearly basis
- Continue to seek win-win collaborations to bolster the early-stage pipeline
- Pending potential approval, we expect to launch in UC, an additional indication for our first innovative product, filgotinib in Europe
- Further strengthen our European commercial organization to bring innovation to patients in need of breakthrough medicines

Expand our target & drug workspace



In order to increase our chances of finding novel targets, we aim to expand our target workspace, and not only use the selected pool of 6,000 drugable genes, but the complete protein-coding genome of over 20,000 genes.

€5.17B

**Current Financial
Investments, cash
and cash equivalents
at end 2020**

**A strong balance sheet
to ensure future
growth**

Material aspect 2: Our employees are the strength behind Galapagos



Attracting, nurturing, and retaining our employees is key to our success in developing novel mechanism of action drugs that can make a difference for patients. The key to achieve this is to make Galapagos the coolest place to work. Our approach to talent stems from our core corporate values and our strategic talent initiatives.

"*Make it Happen*" is core to our corporate culture: people feel they can make an impact in our organization, which is highly motivating. We continue to ensure that this aspect is protected and managed as we continue to develop as an organization.

We are dedicated to ensuring diversity of our workforce and are committed to fostering an inclusive, open and supportive work environment across our locations in Europe and the U.S.

With the goal to conduct multiple clinical trials in 2021 and our ambition to boost commercialization of our first product, filgotinib for the treatment of RA, across Europe, our organization continues to develop and build expertise, and we are committed to maintaining our corporate DNA.

Gender Equality

We strive for gender equality across multiple dimensions, including talent attraction, female leadership and talent pipeline development, equal pay, creation of an inclusive culture, and rigorous implementation of sexual harassment policies. We are committed to supporting gender equality through policy development, representation, and transparency.

For example, in 2020, we celebrated the International Day of Women and Girls in Science, endorsing equal access to, and participation in science for women and girls. The talent and dedication of the 60% of our R&D colleagues who are women are essential to helping patients now and in the future.

We also joined a consortium of companies working on STEM initiatives, with a key focus on girls and STEM (Science, Technology, Engineering, and Mathematics) (www.dasgeniaal.be and www.cestgenial.be). One of the initiatives taken in 2020 was making a movie documenting the visit of a highschool girl to our Mechelen headquarters. She talks to Galapagos scientists about their passion for science, and about what scientific research can mean for the world. The movie was broadcast on national television and featured on social media channels (#STEMheroes). A version with English subtitles can be found [here](#).

In January 2021, Galapagos was included for the second year in the Bloomberg Gender Equality Index, tracking the performance of public companies committed to disclosing efforts to support gender equality.



Galapagos is proud to be included the **2021 Bloomberg Gender-Equality Index**

The list encompasses 380 companies headquartered in 44 countries and regions, across 11 sectors

Diversity

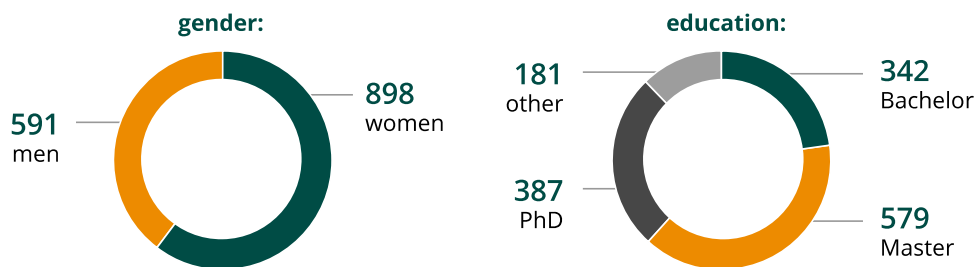
Our approach to diversity is deeply rooted in our culture. Our culture and values bind us further in everything we do. This is evidenced in our decisions and actions while we aim to continue to develop an inclusive and diverse workforce as our business further grows and evolves. We strive for diversity across gender, nationality, ethnicity, experience level, and disability.

But no matter how diverse we are, we have an aligned purpose of pursuing medical breakthroughs to improve people's lives.

Our group in numbers

Number of employees Galapagos group

1,489

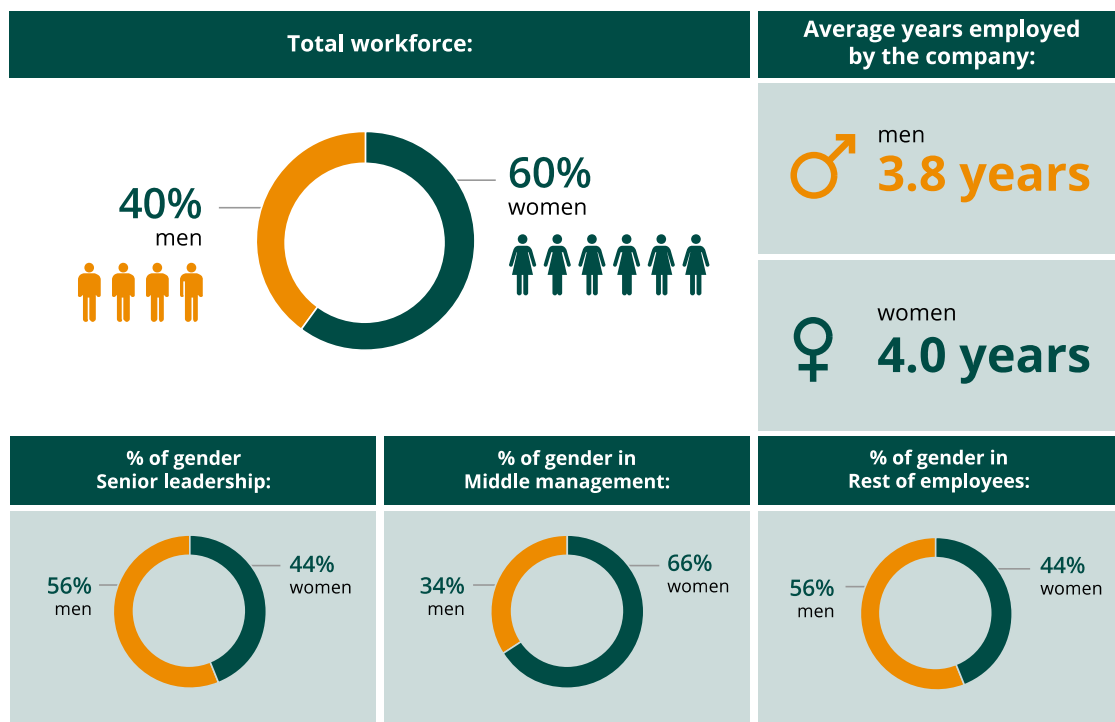


Average age: 41	Number of employees older than 45: 566	Nationalities: 50
Average years of service: 3.9	Employee turnover: 2.2%	New hires in 2020: 504

Total number of employees includes 185 employees from Fidelita, which was sold to Selvita on 4 January 2021, and includes consultants and temporary staff.

- We attracted 504 new employees in 2020, 58% of the hires were female
- We continue to attract people with various backgrounds and now have 50 different nationalities within the Galapagos group

- Our supervisory board currently has eight members of whom four are female (we refer to the section supervisory board of our Annual Report 2020 for further information on each board member)
- Our management board currently has six male members (we refer to the section management board of our Annual Report 2020 for further information on each board member)



Human capital management

At Galapagos, we believe our strong culture is fundamental to our business success. Our spirit of challenging ourselves without fear of failure underpins our work. While this bold attitude is naturally in our DNA – and we recruit exceptional people who are the right fit – we have defined our culture in a behavioral framework.

- We **act as a pioneer** and are optimistic in our ambitions, motivated by innovation and attracted by the unknown
- We positively **embrace change** and adapt to circumstances. Failing on occasion doesn't deter us; it's how we pick ourselves up that matters
- We challenge ourselves and, in doing so, **raise the bar** of what is possible
- Together, we want to create value and improve lives through science – and we find ways to **make it happen**

As new people from different backgrounds join our adventure, we ensure our culture evolves in the right direction. We continue to develop structured, integrated systems and practices that ensure we are all heading in the same direction on our path of discovery – because our culture transcends everything we do.

Our employees are at the core of everything we do. In our continued efforts to enable a great work experience at Galapagos, we offer our employees the platform to grow, develop, fail, learn and succeed. Our ambitious business strategy offers great opportunities to push the boundaries continually, enhance skills & competencies with the aim to continue delivering innovative science and breakthrough medicines. We honor our successes, while constantly raising the bar and allowing room for trial & error to drive innovation. We encourage our people to take ownership, be entrepreneurial, and make a difference.

At Galapagos, we offer a competitive and evolving remuneration package that aims to reward, recognize, develop, and retain our employees in a way that aligns with the company strategy and culture. Employee compensation packages include performance bonuses and, for many employees, also share-related opportunities, which help drive sustainable performance and reward employees for their contributions to our success. The benefits we offer vary from country to country, based on local practices, customs, and statutory conditions. Employee benefits include cover for critical risks and key life events as well as provisions of different forms of leave in support of proper work-life balance.

We aim to ensure an inclusive, open, and supportive professional work environment across our international locations. We organize regular engagement meetings across all our business units to inspire and align the teams behind our vision and ambition. We hold informal inspiration virtual sessions with members of our management board for new and long-time employees across the different sites.

We listen to our people through formal and informal channels established to ensure adequate anonymity and psychological safety. Surveys are conducted to evaluate our actions, impact, and agility of our people processes. These and other indicators allow us to consider actions to optimize our work environment and enhance employee experience.

During the global pandemic, we took a number of initiatives to help employees manage this unprecedented crisis, including providing additional electronics to facilitate working from home, organizing online mindfulness moments, and paying a stipend to cover the additional costs incurred at home. We also implemented engagement initiatives to create team-cohesion and strengthen the feeling of belonging to the Galapagos family.

Our involvement with local communities and charities

We want to be part of the community in which we work and live. In the light of the ongoing COVID-19 pandemic, we transformed our annual Company Day, which traditionally includes a part dedicated to spending time with a range of charity organizations, into a cross-site “We Care” initiative. We strongly believe that our contribution to our communities is even more important than before.

Throughout our different locations, we engaged with various charity organizations supporting children and their families. With all the gifts, cards, and donations collected, we wanted to help underprivileged people enjoy a warm Holiday season.



We promote a career in science through STEM initiatives

We actively engage in promoting science and a career in science. We joined a consortium of more than 18 international companies and local organizations with one joint objective: creating a spark for science, technology, technics, math, production and design for children between 10 and 14 years old. Together with young people, we are engaging parents, teachers and businesses to achieve this goal, and this with an inclusive and gender-sensitive approach targeting schools, businesses, events and different online channels.

Our goals are to inspire children and young people, and to create low access to STEM related subjects:

- Demonstrate that major societal challenges such as biodiversity, climate change, vaccines, and digitization can be solved with STEM knowledge
- Collaborate effectively with parents, teachers and businesses to get STEM online and offline, in order to bring it home to the target audience
- Illustrate that STEM is for everyone, regardless of background knowledge, gender, and ethnicity, by giving due attention to specific target groups

For more information: www.dasgeniaal.be and www.cestgenial.be





Actions in 2020

- We engaged with local communities to give back to society
- We improved our talent-scouting model during COVID-19 to safeguard recruitment of candidates fitting well with the DNA of Galapagos via increased use of recruitment tools, digital, and case-based presentations
- We sharpened, digitized, and branded (“Your call for purpose”) the Galapagos career site to stimulate interaction, insight, and candidate friendliness. We engaged with external candidates and pitched our employer brand and value propositions at several career fairs
- We made our onboarding approach and program more efficient, robust, and attractive. To this end, the different business units set up onboarding initiatives and strengthened the “buddy” concept. In addition, an onboarding app was deployed to bring across the company values and assist with a smooth and effective start
- Our performance management process embodies that talent is core and that employee development is critical to our success. We foster peer engagement, internal lateral mobility, and an open feedback culture to enhance performance and stimulate personal development. In 2020, about 79 employees (of which 70%+ women) undertook new roles and assignments with increased responsibilities
- Our view that each and every employee is a talent stimulates focused learning interventions for personal and domain excellence. In 2020, we focused on enhancing team experiences, a journey that will continue in the coming years. We identified and prioritized capability development that meets performance and prepares our talents for future challenges in line with both organizational strategy and individual development ambitions
- Our Total Reward Center of Expertise led the creation and roll-out of local reward offerings in new geographic markets, enabling the hiring, engagement, and retention of employees internationally. This has been a key step to support our commercialization ambitions in the big 5 EU markets & Benelux. In addition, as part of our evolving offering, we have made enhancements at both the international and country level for the benefit of our employees, including the launch of annual stock-based awards to drive further alignment between the company and our senior employees, improvements to family leave policies, and the introduction of a financial support package enabling remote working as part of our broader reimagination of the future of work
- 2.2% turnover of employees for the Galapagos group, excluding the termination of temporary and consultancy contracts
- We set the platform to achieve digital ambitions at HR, by preparing the ground for the launch and go-live of an SAP-based performance management tool by end 2020
- With growing offices in new European locations (Germany, Spain and Italy) we also established full scale HR services and payroll for all employees
- We embarked on additional plans to stay close and connected to all our employees, supporting leadership teams to address challenges and unknowns from COVID-19. Due care was awarded to our workforce in the labs with frequent interactions. Our employees were empowered to discover new ways of working and collaborating, employing agility, heart, and humility
- Faced with the setbacks in 2020, we invested even more in preparing strong communication plans, with extensive Q&A provided to senior leaders to help them to be closer to their teams, be well equipped, and supported. A continued transparent and open tone from the top, authentic presentations during townhall meetings, and allowing questions and answers from all staff guided employees on how to put the corporate news in perspective, and to build trust in our ability to overcome these headwinds with a plan and commitment



Future ambitions

- “We Care” is in our DNA and we continue to remain committed to impactful local communities and charities, by, for example:
 - supporting local STEM-initiatives throughout our different sites
 - donating our depreciated IT materials to local organizations for educational support
- The team will continue to focus on proactivity and ensuring quality. We aim to improve our employer branding position via campaigns that inspire: “Call for Purpose” and “In theory everything is possible - In practice, we make it happen!” Internally, we plan to boost cross-department mobilization of talents to build breadth of skills and expertise, while we create more connectivity and engagement to grow internal talents
- Our leaders are stimulated to role model key behaviors, embody corporate values and to create the context for their teams to excel and as such to improve the competitiveness of our talent and the organization. Internal talent pipelines and succession plans will be refined where appropriate
- To ensure a straightforward, future proof and attractive employee value proposition, we have embraced digital technology while constantly improving our core process. We continue to adopt cutting edge digital solutions to boost candidate and employee experience, empowering people processes across the whole organization
- We will continue to evolve our competitive remuneration package to attract, retain, and engage talented employees. Remuneration is an area of focus, as it gives Galapagos a differentiation angle and competitive advantage. In addition, we will look for further opportunities to bring to life our remuneration principles, including reinforcing linkages between pay and performance, enabling employees to share in the company’s success in alignment with shareholder interests, remaining competitive in existing and new geographic markets, and supporting employees and their families with locally relevant employee benefits
- We will continue to drive and enable both mindset and practice when it comes to organizational agility. This starts with building a resilient organization, driving connections & collaborating with empathy within the company. Sustaining in turbulent environment and being highly responsive to our people has been our prime agenda and will continue. Further, leadership and line management will be strengthened and internal mobility boosted along with our approaches to retain and grow our talents across projects and programs

Material aspect 3: Conducting business ethically and responsibly



At Galapagos, our core business is the discovery and development of drugs with novel modes of action, and we prioritize ethical behavior in all its aspects.

We believe that ethical behavior is particularly important and inherent to our business: preclinical and clinical testing, access to our investigational medicines through our clinical trials, expanded access to drugs currently in development for patients who are not eligible to enroll in clinical trials, and our codes of ethical conduct.

To ensure our business is compliant with regulatory and corporate policies, and that we conduct business in an ethical way, we have developed a **Compliance and Ethics Program** that is available on our company intranet.

Animal welfare in drug development

It is not possible to examine the complex interactions in a living organism solely by use of modeling and *in vitro* studies. *In vivo* studies remain essential in discovery, development and production of new medicines. Moreover, regulatory authorities worldwide require that new products have been evaluated in both animals and humans in order to ensure the quality, safety and efficacy of these products before granting approval. Without animal testing, no new medicines would be approved.

Galapagos explicitly forbids the unethical treatment of animals, such as animal neglect or cruelty, and strives to offer the animals a high quality of life, while constantly seeking ways to make improvements. We have implemented practices that demonstrate our commitment and responsibility to refine, reduce and replace non-clinical testing involving use of animals to the greatest extent possible, and we will continue to research, promote, and further implement alternative methods. For non-clinical development studies, including those that assess efficacy and safety of our product candidates, we firmly stand behind the “Three Rs” principle: Refinement, Reduction, and Replacement. The Three Rs principle is based on the premise that animals should be used only if a scientist’s best efforts to find a non-animal alternative have failed, and that when animals are needed, only the most humane methods should be used on the smallest number of animals required to obtain valid information.

To illustrate this point, we make more frequent use of *in silico* (computer modelling) and *in vitro* (cellular testing) designs and approaches. Examples are the implementation of *in silico* software, and *in vitro* assays to allow for the early assessment of potential safety issues. Other improvements include the implementation of new pharmacological models reducing animal-based development or the review of procedures by the ethical and animal welfare committees. We recently published an article on a novel *in silico* approach,¹ which was awarded by the Society of Toxicology. We are engaged in a number of partnerships, including the Virtual Human Platform, an organization that aims to accelerate the transition to animal-free safety assessments through innovation in data science, human tissue culture models and transition management.

¹ Bercu J et al. A cross-industry collaboration to assess if acute oral toxicity (Q)SAR models are fit-for-purpose for GHS classification and labelling. Regulatory Toxicology and Pharmacology 120 (2021) 104843

Our focus on animal welfare triggers a continuous improvement of, amongst others, the housing conditions of animals, better enrichment of the animal environment (food, games, social activities), reviewing any anomalies, and the commitment to immediate action. We expect the same ethos from third parties we work with such as Contract Research Organizations (CROs) and academia. We performed a thorough assessment of all third parties and have regular interactions with them on, for example, the culture of care, enrichment best practices, group housing vs single housing, and the size of cages.

In addition, we follow Directive 2010/63/EU in Europe with regards to animal testing. The requirement to be compliant with Directive 2010/63/EU forms part of the pre-assessment and selection process of the European laboratories that we use for non-clinical testing, and we monitor animal welfare in the European laboratories we engage with on a regular basis.

We also follow the national regulations defining high standards for animal welfare for our internal studies in France (GLPG internal facility). We systematically submit our projects to the National Authorities for ethical approval, and are regularly inspected in order to maintain the highest accreditations. We subcontract our preclinical safety studies to CROs that are committed to the highest standards in animal welfare and that are regularly inspected by their respective National Authorities. We demand the same level of diligence and compliance from all our suppliers, and perform regular audits.

Outside of the European Union, we require compliance with local animal welfare regulations in laboratories. In the U.S., for example, we work only with laboratories that are accredited by the Association for Assessment and Accreditation of Laboratory Animal Care.

We are proud that the Animal Welfare Committee we implemented in 2019 continues to put a framework in place for future discussions, to enforce animal welfare best standards and to ascertain that our ethical values are well understood. The Animal Welfare Committee reports directly to the Development Management Committee and CEO of Galapagos, and in addition to its advisory role, the Committee will regularly organize audits to assess animal study practices. Its mission's to conduct gap analyses on Galapagos' expectations and to ensure compliance in all our partnering animal facilities, to exchange and agree on best practices across all sites, to develop key policies and SOPs, to define KPIs and monitor the effort and progress, and to communicate on our ethical values, both internally and externally.

Our clinical trials ethics

Galapagos sponsors and conducts clinical trials in accordance with the applicable international standards. The [fundamental guidelines](#) are the Declaration of Helsinki (and its amendments) and Good Clinical Practice (including amendments), as well as Good Pharmacovigilance Practice guidelines of the International Council for Harmonisation. Our adherence to these internationally recognized guidelines ensures the rights, safety and well-being of participants in our clinical trials. In addition, other international guidelines like The Belmont Report, Council for Coordination of International Medical Congresses guidelines, The Nuremberg Code, United National Educational, Scientific and Cultural Organization's (Declaration on Bioethics and Human Rights) form the ethical foundation for our trial activities. We comply with laws and regulations in the countries/regions in which we are conducting our trials, including the U.S. Code of Federal Regulations and the [EU Directive on Clinical Trials](#).

Furthermore, we uphold our own internal procedures and standards for clinical trials, irrespective of the country in which the trial is conducted.

Overall, it is our policy that the interest, safety, and well-being of trial participants and patients will always supersede those of science, commerce, as well as those of society.

Our trials are only initiated if they are scientifically and medically justified and when they are externally validated by clinical experts. Moreover, they will always be reviewed by local health authorities and ethical committees before initiation. Trial participants (or their legally authorized representative) must give written

consent after being properly informed of the trial, including of its risks and potential benefits. Participants are duly informed that they are able to withdraw from the trial at any time, without any explanation, and then will receive appropriate standard care.

We or our representatives conduct regular site monitoring visits to ensure that clinical trials are conducted in accordance with the applicable approved study protocol.

Adverse events are monitored and reported to authorities and ethical committees as needed, and appropriate actions are taken when needed. Our Safety Monitoring Committee enables timely evaluation of accumulating safety data of ongoing studies, and adapts risk-management strategies to support safe and ethical conduct of Galapagos studies. An Independent Data Monitoring Committee (IDMC) may be installed to act as an advisor to Galapagos on whether to continue, modify, or terminate a trial based on periodic assessment of trial data. The IDMCs remain independent from Galapagos and are composed of members with no relevant conflicts of interest.

Our trials ensure proper indemnification of participants in case a product candidate or trial procedure causes bodily harm.

We favor transparency and make results from our clinical trials conducted in patients available independent of the outcome – to physicians, and researchers, with full consideration for protection of patient data privacy and commercial confidentiality. We report the outcome in accordance with the [CONSORT](#) Statement, or Consolidated Standards of Reporting Trials, designed to improve transparency around clinical trials.

Clinical trials and summary results are registered on [Clinicaltrials.gov](#) and/or the [EU Clinical Trials Register](#). Starting 1 January 2021, we committed to registering Galapagos-sponsored Phase 1 to 4 clinical trials conducted in any geographical territory. We commit to making a summary of the results of these Galapagos-sponsored Phase 2 to 4 clinical trials publicly available within 6 months of completion for pediatric studies and 12 months for adult studies. We attempt to publish results in peer-reviewed journals, in accordance with Good Publication Practice and the International Committee of Medical Journal Editor's Uniform Requirements for Manuscripts Submitted to Biomedical Journals, and at relevant scientific meetings and congresses. As a publicly listed company, we also have the obligation to communicate trial results by other means to the investor community, such as via press releases.

Our code of business conduct and ethics

We have established a Code of Business Conduct and Ethics (the "Code") that outlines the binding principles of business conduct and ethical behavior that is expected from all our staff and third parties working on behalf of Galapagos.

Galapagos' supervisory board is responsible for administering the Code. The supervisory board has delegated day-to-day responsibility for administering and interpreting the Code to our General Counsel who has been appointed as our Compliance Officer under this Code.

We expect our directors, officers and employees to exercise reasonable judgment when conducting our business. We encourage our directors, officers and employees to refer to this Code frequently to ensure that they are acting within both the letter and the spirit of this Code.

We expect our employees and third-party suppliers to conduct business with integrity, ethics and respect for human rights. We expect them to turn away from conflicts of interest, corruption, and fraud. Our Code of Business Conduct and Ethics is a mandatory training and is available on our [website](#).

Our suppliers are required to adhere to contractual terms that include anti-bribery and anti-corruption provisions. We consider CSR criteria in our vendor selection process as appropriate for the type of vendor with which we are working. Our general terms and conditions of purchase also contain a specific clause on anti-bribery and anti-corruption.



Actions in 2020

- With regard to animal welfare, in 2020, we implemented our Animal Welfare Committee, and agreed on KPIs. Its mission is to further exchange and agree on best animal welfare practices across all sites, to develop key policies and SOPs, to define KPIs and monitor the effort and progress, and to communicate on our ethical values, internally and externally
- The Animal Welfare Committee is composed of a diverse team of scientists and non-scientists, and reports directly to the Development Management Committee and CEO of Galapagos. In addition to its advisory role, the committee will regularly organize audits to assess the animal study practices
- The Animal Welfare Committee took more than 20 major "R" initiatives and made decisions that supported our "Three Rs" philosophy, and included this in our selection process for non-clinical partners
- In aiming to create value for patients around our clinical trial activities, several new roles were created in 2020 to engage with patients and patient organizations
- 93.5% of our employees completed the training on our Code of Business Conduct and Ethics
- During the onboarding process of new employees, we emphasize the importance of our Compliance & Ethics Program, our Code of Business Conduct and Ethics and all channels available for them to raise questions and concerns



Future ambitions

- We will continue to evaluate our internal processes and KPIs with regard to animal welfare in the Galapagos Animal Welfare Committee, for all our internal and external facilities
- We will monitor the progress made and report it yearly
- We will continue to maintain and expand our focus on patients, amongst others by co-creating our Patient Partnership Charter with patient representatives, and by obtaining patient insights, for example when designing new trials
- We will explore innovative tools and processes to reduce clinical trial burden on patients and sites
- We will share easy to understand study results with patients, per EU Clinical Trial Directive No 536/2014
- We will further strengthen the Galapagos Compliance & Ethics Program to meet the changing needs of our organization through:
 - Developing and rolling out a new Code of Conduct - titled "Making It Happen The Right Way" to reflect the ongoing changes that are relevant to Galapagos
 - Promoting our culture of speaking up both internally and with external stakeholders
 - Refining our third-party oversight through an enhanced risk assessment framework and due diligence as we enter new geographies

Material aspect 4: We care about the environment, health, and safety



Our mission is to bring innovative medicines with novel modes of action to patients suffering from severe diseases in the most sustainable way, caring about the health, safety and wellbeing of our employees and respecting our planet by keeping our environmental footprint to a minimum.

In addition, we operate in a highly regulated sector and are hence subject to a strict set of laws and regulations related to impact on the environment, and to the health, safety and well-being of employees.

To ensure adherence to our mission and compliance with legislation we established an EHS group department responsible for the development of an Environmental, Health and Safety (EHS) management system based on the international ISO 14001 and ISO 45001 standards, and for proposing an annual action plan to promote environmentally sound practices and health, safety and well-being at work. Management guarantees the implementation of this action plan and our EHS efforts are anchored in the shared responsibility of our staff: every employee is responsible for protecting people and the environment in and around his or her workplace. We perform internal and external audits to monitor compliance.

We promote initiatives to eliminate accidents and illness, and to provide a safe work environment and business processes.

We maintain safety monitoring records, in compliance with applicable legislation, and ensure that training of employees takes place on all handling of hazardous materials, laboratory and other safety aspects, and on other relevant policies for conducting our business. In 2020, our three research centers jointly reported 2 lost time incidents (one resulting from slip, trip & fall and one from a cut) which resulted in 6 lost calendar days.

We currently have no production sites, we do not own buildings, and our facilities have only minor environmental liabilities such as waste handling and emissions from fume hoods. Nonetheless, we aim to reduce our environmental impact further, for example by recycling and replacing paper by digital means to the extent possible, and we are committed to selecting our production partners with care.

Other examples include the bikes at our facilities in Mechelen and Leiden used by employees who need to commute between the buildings on site as well as the gradual greening of our car fleet.



Actions in 2020

- We coordinated "license to work" conditions during the COVID-19 pandemic by performing risk analysis and defining safe conditions to work on site as well as from home
- We strengthened our EHS Governance Structure and expert skills by:
 - inviting the country leads to the corporate Site Operation Meetings, led by our Head of Operations, to align on EHS communications and accountabilities
 - recruiting a colleague with health expertise and optimizing the involvement of the occupational physician at our site in Mechelen
 - adding a position for an EHS manager dedicated to our offices in Leiden, appointing a corporate single point of contact to provide EHS support to our operations in the EU5 countries, the US and Switzerland, and contracting external EHS providers to help ensure local EHS compliance at current and new offices in the UK and Switzerland
- We further developed our EHS management system by implementing four new corporate EHS Standard Operating Procedures related to the transportation of hazardous goods, emergency preparedness, competences measurement and management of collective and personal protective equipment
- Operational, site-specific highlights include:
 - the re-authorization of biosafety and environmental permits for the buildings at our site in Mechelen
 - improved chemical safety by the implementation of software to support risk assessments for dangerous chemicals at our site in Leiden
 - improved recycling of electric and electronic laboratory waste material at our site in Romainville
- In order to protect and increase the bee population, we installed beehives on the roof of our building in Mechelen



Future ambitions

- In 2021, we aim to execute on a workplace strategy, building on the "To The Next Normal" program intended to accelerate the learnings of our COVID-driven new ways of working, in order to embed how we want to operate as a company going forward, investing in:
 - Enhanced approach to flexibility
 - Future-proof greener approach to mobility
 - Employee Wellbeing
 - Integrated digital and connected virtual collaboration
- In light of COVID-19, we will continue to perform risk analysis and specifically provide guidance on how to safely ensure business continuity at our research labs
- We will further strengthen our EHS management system by issuing EHS guidance related to maintenance management, contractor management, work permits, and work equipment

CSR at Galapagos – Summary



Material Aspect 1: Improving people's lives

SDG



Areas of engagement

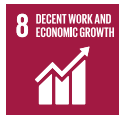
- We are pioneering for patients and our mission is to discover and develop innovative medicines that address high unmet medical needs
- Our science and innovation are based on our flexible target discovery platform
- We commit to an ambitious R&D goal of maintaining an active portfolio of 30 projects
- We are building a deep early-stage R&D pipeline
- We aim to extend our commercial reach with filgotinib in Europe
- We aim to bring our innovation to patients suffering from severe diseases
- We accelerate innovation through win-win partnerships

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Material Aspect 2: Our employees are the strength behind Galapagos

SDG



Areas of engagement

- We strive for gender equality
- We aim to continue to develop an inclusive and diverse workforce
- We implemented an employee reward, recognition, and retention program
- We are involved with local communities and charities
- We promote a career in science by engaging in STEM initiatives

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Material Aspect 3: Conducting business ethically and responsibly

SDG



Areas of engagement

- Animal welfare in drug development
- Our clinical trials ethics
- Access to our medicines
- Our code of business conduct and ethics

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Material Aspect 4: We care about the environment, health and safety

SDG



Areas of engagement

- We strive for a minimal environmental impact
- We are compliant with our sector rules and regulations
- We ensured our "license to work" during the COVID-19 pandemic
- We strengthened our company-wide EHS structure and management system

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