

REMUNERATION POLICY

1. INTRODUCTION

This remuneration policy has been prepared by the board of directors on recommendation of the remuneration and nomination committee in accordance with Article 7:89/1 of the Belgian Companies and Associations Code of 23 March 2019, as amended (the "BCAC") and the 2020 Belgian Code on Corporate Governance (the "2020 Code") and applies to the members of the board of directors and the executive management of Sequana Medical NV (the "Company" or "Sequana Medical").

This remuneration policy was approved by the extraordinary general shareholders' meeting of the Company that was held on [date] 2023 (votes approving: [number]; votes disapproving: [number]; abstentions: [number]) and is aligned with the requirements of Article 7:89/1 of the BCAC. The present remuneration policy is intended to replace the previous remuneration policy that was approved by the annual general shareholders' meeting of the Company that was held on 27 May 2022. The main change against the previous remuneration policy is that the board of directors can grant restricted share units to non-executive directors of the Company. The aforementioned general shareholders' meeting also increased the cash remuneration to which non-executive directors are entitled.

2. BACKGROUND AND OBJECTIVES

As a commercial stage medical devices company, Sequana Medical aims at achieving a strategy involving researching, developing, testing and eventually (after obtaining the necessary regulatory and other approvals) commercializing (potential) treatments for the management of diuretic-resistant fluid overload in liver disease, malignant ascites and heart failure. Successful implementation of the aforementioned strategy requires an intense long term effort of highly qualified experts. Therefore it is important that the Company is able to attract and retain Belgian and foreign directors and members of the executive management with the talent, knowledge, ability, experience, skills, values and behaviour to deliver on the Company's long-term strategy and goals, to support the Company's purpose and to promote continuous improvement in the Company's business.

This remuneration policy is based on meritocracy and a sense of ownership and is designed to reward performance in order to motivate members of the board of directors and the executive management of the Company in order to deliver increased shareholder value through superior business results. Levels of fixed and, as the case may be, variable, remuneration should be sufficient to attract, retain and motivate Belgian and foreign directors and members of the executive management who have the profile determined by the board of directors, to promote the achievements of strategic objectives in accordance with the Company's risk appetite and behavioural norms and to promote sustainable value creation and enhance patients' quality of life. Finally, it is also important that the remuneration policy of the Company is competitive in the (employment) markets in which the Company operates.

The board of directors determines the remuneration of the directors and the members of the executive management in accordance with the provisions of the BCAC and the 2020 Code, upon recommendation and proposal of the remuneration and nomination committee, while respecting the prerogatives of the general shareholders' meeting. The remuneration and nomination committee benchmarks (as the case may be with assistance of external advisors) the compensation of the members of the board of directors and the executive management against peer companies to ensure that it remains fair, competitive and in line with market practice. The remuneration of the members of the board of directors and the executive management are therefore market driven.

The specific powers and composition of the remuneration and nomination committee are set out in the corporate governance charter of the Company (approved by the board of directors on 23 April 2020).

In accordance with Article 7:89/1, §5 of the BCAC, the Company may temporarily derogate from this remuneration policy in exceptional circumstances. These exceptional circumstances cover situations in which the derogation is necessary to serve the long term interests and sustainability of the Company as a whole or to assure its viability. Such derogation requires the approval of both the remuneration and nomination committee and the board of directors. The remuneration report relating to the relevant financial year will include information on any derogation, including its justification.

3. COMPONENTS OF THE REMUNERATION

3.1. Members of the board of directors

The level and structure of the remuneration of the members of the board of directors are determined based on their general and specific responsibilities and market practice. This remuneration includes a basic fixed yearly remuneration (irrespective of the number of board meetings that are held during the year). Directors are not entitled to any kind of performance cash bonus or other kind of variable remuneration. Directors are also not entitled to any kind of compensation when their mandate ends.

As part of the remuneration policy, the board of directors decided to propose to the general shareholders meeting that approved the current version of the remuneration policy, the approval of an annual share component to the remuneration of non-executive independent directors. This will be in the form of so-called "restricted share units" or "RSUs", which provide for a remuneration in the form of new shares whereby the relevant directors will have an obligation to subscribe for such shares at a value of EUR 0.11 per share (independent of the value of the share at that time). One restricted share unit or RSU represents the obligation of the relevant non-executive independent director to subscribe for one new share of the Company. The RSU remuneration is in addition to the cash component of the yearly remuneration of the directors, and can be awarded for the first time retroactively for periods in which the director's mandate of the non-executive independent directors was exercised (as relevant) since the annual general shareholders' meeting held on 27 May 2022.

The number of share units proposed to be granted on an annual basis shall be calculated as follows: EUR 75,000 divided by the average closing price of the Company's shares on Euronext Brussels during the month of May of the relevant year. Fractions of shares will be disregarded. The new shares will be issued under the authorised capital of the Company. The Company reserves the right to deliver existing shares (if it has access to its own shares in accordance with applicable company law rules) or to compensate non-executive directors in cash (i.e. a cash amount equal to the closing stock price of the shares to be delivered under the share units at the time the shares should have been issued minus the subscription amount).

The main characteristics of the RSUs can be summarised as follows:

- The RSUs are not shares (i.e. they do not grant voting rights, preferential subscription rights or other membership rights to the holder).
- They are in principle not transferable, except in a number of limited cases.
- RSUs in principle vest over a period of one year and as long as the director is still in office except in the event of death or an exit (merger or other corporate law reorganisation, sale of substantially all assets of the Company, takeover bid with change of control) where immediate vesting applies. If RSUs are granted between two annual general meetings (e.g., when a non-executive independent director is appointed after the annual general meeting has already taken place), the RSUs granted shall vest on the next annual general meeting after the grant. The RSUs lapse immediately in case of voluntary resignation of the non-executive independent director, or in case of dismissal of the non-executive independent director by the general shareholders' meeting for serious cause.
- RSUs that have not vested shall lapse.
- The vesting of RSUs is not linked to any performance criteria and the remuneration in RSUs is therefore a form of fixed remuneration. The RSUs also create an obligation for the non-executive independent director to subscribe for the underlying shares when the RSUs have vested. The RSU is therefore not an option leaving discretion with the director whether or not to exercise.

The issue of RSUs is designed to align the remuneration policy of the Company in respect of non-executive independent directors with provision 7.6 of the 2020 Code. In accordance with provision 7.6 of the 2020 Code, non-executive directors should receive a part of their remuneration in the form of shares of the Company. The Company has however no distributable reserves and therefore does not meet the legal requirements to effect a share buy-back. As a result, the Company does not have any treasury shares and is unable to grant existing shares to non-executive directors as part of their remuneration. It should be noted that the RSUs are not entirely equivalent to a share (no voting rights, no preferential subscription rights or other membership rights), however, in the opinion of the Company, the RSUs meet the objectives provided for in provision 7.6 of the 2020 Code.

Pursuant to article 7:91 of the BCAC and provisions 7.6 and 7.11 of the 2020 Code, shares or options on shares should not vest and be exercisable within three years as of the grant thereof. The board of directors has been explicitly authorised in the articles of association to deviate from this rule. As indicated above,

the proposed RSUs will vest on a yearly basis. Furthermore, while provision 7.6 of the 2020 Code also states that shares should be held until at least one year after the non-executive board member leaves the board of directors, the RSUs and underlying shares are not subject to this restriction. The Company is of the opinion that the deviation from the aforementioned rules and principles allows for more flexibility when structuring share-based awards, in line with changing practices. The Company believes that the RSU plan provides for sufficient orientation of the beneficiaries to the creation of long-term value for the Company.

Ultimately, the ability to remunerate non-executive independent directors with RSUs allows the Company to limit the portion of remuneration in cash that the Company would otherwise need to pay to attract or retain renowned global experts with the most relevant skills, knowledge and expertise. The Company is of the opinion that granting non-executive independent directors the opportunity to be remunerated in part in share-based incentives rather than all in cash enables the non-executive directors to link their effective remuneration to the performance of the Company and to strengthen the alignment of their interests with the interests of the Company's shareholders. The Company believes that this is in the interest of the Company and its stakeholders. Furthermore, the Company believes that this is customary for directors active in companies in the life sciences industry.

Based on the foregoing, the relative proportion of the RSUs reflect a proportion of between 46% and 67% of the annual remuneration of non-executive independent directors, and the cash component of the remuneration between 54% and 33% of the annual remuneration of non-executive independent directors. This is based on the assumption that the directors attend at least two meetings of the board of directors in person (in addition to attendance via video or telephone conference), and that the chair of the audit committee will not act as chair of the remuneration and nomination committee.

The other directors are not entitled to RSUs. The directors who are also a member of the executive management are remunerated for the executive management mandate (see section 3.2 below), but not for their director mandate.

The Company also reimburses reasonable out of pocket expenses of directors (including travel and accommodation expenses) incurred in performing the activity of director. Without prejudice to the powers granted by law to the general shareholders' meeting, the board of directors sets and revises the rules for reimbursement of directors' business-related out of pocket expenses.

Furthermore, as permitted by the Company's articles of association, the Company has entered into indemnification arrangements with the directors and has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their mandates.

As mentioned above, the Company may temporarily derogate from this remuneration policy in accordance with Article 7:89/1, §5 of the BCAC.

3.2. Members of the executive management

The remuneration of the chief executive officer and the other member of the executive management is based on recommendations made by the remuneration and nomination committee. The chief executive officer participates in the meetings of the remuneration and nomination committee in an advisory capacity each time the remuneration of another member of the executive management is being discussed.

An appropriate proportion of the remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the interest of the executive management with the interests of the Company and its shareholders. The chief executive officer will determine whether the targets for the variable remuneration of the members of the executive management, as set by the board of directors, are met.

The remuneration of the executive management currently consists of the following main remuneration components:

- annual base salary/fee (fixed);
- participation in share option plans;
- a performance bonus in cash; and
- other (fringe) benefits in whatever form (such as contribution for pension plan, insurance plan, car lease, transport allowance and medical plan).

The members of the executive management have a variable remuneration (i.e. remuneration linked to performance criteria) amounting to up to 50% of the base salary/fee for on target performance. The remuneration is closely linked to performance.

Bonuses, if any, are linked to identifiable objectives and to special projects and are set and measured on a calendar-year basis.

The performance objectives of the executive management members are primarily evaluated with regard to the following criteria: (i) respect of the board-approved annual budget, and (ii) meeting measurable operational targets. The various objectives and their weighting may differ for the individual managers.

The nomination and remuneration committee of the board of directors meets annually to review the performance of the managers, to compare the actual measurable results to the objectives that were pre-defined by the committee, and to establish the measurable objectives for the ensuing calendar year. For more information on the criteria for the award of variable remuneration, see section 5 below.

Furthermore, each member of the executive management is in principle entitled to receive share options or subscription rights. For more information on the granting of share options to members of the executive management, see section 6 below.

The chief executive officer is entitled to pension benefits. The contributions by the Company to the pension scheme amount to 5% of the annual salary.

The members of the executive management are also reimbursed for certain costs and expenses made in the performance of their function.

Furthermore, as permitted by the Company's articles of association, the Company has entered into indemnification arrangements with the members of the executive management and has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their mandates.

In accordance with provision 7.9 of the 2020 Code, the board of directors should set a minimum threshold of shares to be held by the members of the executive management. A part of the remuneration of the members of the executive management consists of options to subscribe for the Company's shares, which should allow the members of the executive management over time to acquire shares of the Company, in line with the objectives of the option plans.

As mentioned above, the Company may temporarily derogate from this remuneration policy in accordance with Article 7:89/1, §5 of the BCAC.

4. CONSIDERATION OF PAY AND EMPLOYMENT CONDITIONS OF EMPLOYEES

The Company wants to attract talented employees who combine expertise and passion for the medical devices business and strive to make the business grow, taking into account the governance and working procedures the Company has put in place. Therefore the Company pays competitive salaries.

For employees of the Company, the remuneration package is composed of a competitive fixed remuneration, rewarding their skills, expertise and experience, and, for certain employees, to the Company's discretion and to the extent that the results of the Company allow it, and depending on individual performance and the market practice, a variable remuneration, rewarding specific quantitative and qualitative targets. A yearly target setting and appraisal cycle, defines the targets for each employee. An intermediate appraisal and final year end appraisal process assesses the targets and actual results for all employees, which may lead to a variable remuneration, based on this process.

The remuneration and nomination committee takes into account the compensation of the employees when preparing the remuneration policy applicable to the directors and the members of the executive management. Particularly, the remuneration and nomination committee discusses and assesses key areas of remuneration policy for the wider workforce throughout the year, the annual bonus pool and resulting pay outcomes for employees across the workforce and any material changes to the structure of workforce compensation.

5. CRITERIA FOR THE AWARD OF VARIABLE REMUNERATION

The criteria for the award of variable remuneration are either of quantitative nature, either of qualitative nature. Each year the board of directors, upon recommendation and proposal of the remuneration and nomination committee, determines the criteria and parameters to be applied on the variable remuneration.

The Company's objectives have been determined by the board of directors at the beginning of the year on the basis of the Company's strategy and long-term interests. The level of achievement of these pre-determined goals and objectives is reviewed in the beginning of the first subsequent year by the remuneration and nomination committee and finally established by the board of directors.

The company goals and objectives consist of Key Performance Indicators (KPIs) based on a range of business metrics that are composed of financial and non-financial KPIs which may be grouped into different KPI categories such as financial performance (sustainable growth in revenues, operate to budget and complete necessary financing rounds), execution and delivery on support projects for financial and commercial growth (feeding the pipeline of projects, clinical trial progression, delivering projects on time) and operational targets (quality and regulation as well as engineering and supply chain). The aforementioned criteria may change on a year-to-year basis. The criteria and the relative weight attributed to each of them are set by the board of directors annually. The board of directors is of the opinion that these KPIs contribute most to the realization of the Company's strategy, long-term interests and sustainable growth.

Each year, upon recommendation and proposal of the remuneration and nomination committee, the board of directors decides on the objectives of the executive management for the coming financial year and evaluates their performance for the period ending, in conformity with the procedure currently in place. The individual performance of each member of the executive management is determined by an individual assessment between the member of the executive management and the chief executive officer (or, for the chief executive officer, between the chief executive officer and the chairman of the board of directors). The assessment of the chief executive officer is reviewed by the remuneration and nomination committee which makes a recommendation to the board of directors for final decision. The chief executive officer does not participate to any decision regarding his own individual performance.

For the chief executive officer, the variable remuneration is based on 100% of the Company performance. For the other members of the executive management, the variable remuneration is based on 80% of Company performance and 20% of individual performance. Those target percentages may be multiplied by a factor from 0% to 200%, depending on the overall performance.

The variable remuneration paid out to the members of the executive management is awarded unconditionally and is not subject to any vesting mechanisms.

In accordance with provision 7.12 of the 2020 Code, the board of directors should include provisions in the contracts of the members of the executive management that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. There are currently no contractual provisions in place between the Company and the chief executive officer or the other member of the executive management that give the Company a contractual right to reclaim from said executives any variable remuneration that would be awarded. The board of directors does not consider that it is necessary to apply claw-back provisions as (x) the pay-out of the variable remuneration, based on the achievement of corporate targets as set by the board of directors, is paid only upon achievement of those corporate targets, and (y) the Company does not apply any other performance based remuneration or variable compensation. Furthermore, the share option plans do contain bad leaver provisions that can result in the share options, whether vested or not, automatically and immediately becoming null and void. Notwithstanding the Company's position that share options are not to be qualified as variable remuneration, the board of directors is of the opinion that such bad leaver provisions sufficiently protect the Company's interests and that it is therefore currently not necessary to provide for additional contractual provisions that give the Company a contractual right to reclaim any (variable) remuneration from the members of the executive management.

6. SHARE-BASED REMUNERATION

6.1. Share options

The Company may from time to time award share options (in the form of subscription rights) to the executive management, at the discretion of the board of directors. On the date of this remuneration policy, the Company has the following outstanding plans:

- the "Executive Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire ca. 2.88 shares when exercising one of his, her or its share options; and
- the "2018 Share Options" plan for staff members and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options.
- the "2021 Share Options" plan for members of the personnel of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options.

For more information about the abovementioned share option plans, reference is made to the latest version of the Company's remuneration report.

The number of share options offered to each of the beneficiaries is freely determined by the board of directors, acting upon the recommendation of the remuneration and nomination committee. The number of share options to be granted is based on a benchmarking exercise which is regularly performed, to ensure that the grants are competitive and in line with market practice.

The granting or vesting of share options does not depend on variable objectives or performance criteria. The share options are therefore considered not to qualify as variable remuneration. This has also been confirmed by the general shareholders' meeting.

Pursuant to Article 7:91 of the BCAC and provision 7.11 of the 2020 Code, shares should not vest and share options should not be exercisable within three years as of their granting. Insofar as necessary, it is recalled that following the extraordinary shareholders' meeting of 28 May 2020, it has been expressly provided in the articles of association that the board of directors is explicitly authorised to deviate from the provisions of Article 7:91 of the BCAC, for all persons who fall within the scope of these provisions (whether directly or pursuant to Articles 7:108 and 7:121 of the BCAC, or otherwise). The Company is of the opinion that this allows for more flexibility when structuring share-based awards. For example, it is customary for option plans to provide for a vesting in several instalments over a well-defined period of time, instead of vesting after three years only. This seems to be more in line with prevailing practice.

The equity-linked remuneration intends to contribute to the Company's business strategy, long-term interests, and sustainability by incentivizing the beneficiaries to create shareholder value and enhance patients' quality of life.

6.2. RSUs

The Company can grant RSUs to independent non-executive directors. For more information on the RSUs, see section 3.1.

7. AGREEMENTS WITH THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

7.1. Non-executive directors

Each non-executive director exercises its mandates as self-employed workers. According to the articles of association of the Company, the term of a directors' mandate cannot exceed four (4) years, but may be renewed. The directors' mandates may be terminated "ad nutum" (at any time) without any form of compensation. There is no specific agreement between the Company and non-executive directors which waives or restrains this right of the Company to terminate "ad nutum" (at any time) the mandates of the directors.

7.2. Executive managers

In accordance with provision 7.12 of the 2020 Code, the board of directors approves, upon recommendation and proposal of the remuneration and nomination committee, the main terms and conditions of the contracts of the chief executive officer and the other members of the executive management.

The employment or service agreements with the members of the executive management have been entered into for an indefinite term.

The employment agreement with the chief executive officer of the Company provides that the agreement can be terminated by either the Company or the chief executive officer subject to four months' notice. If within six months after the completion of an "Exit Transaction" the chief executive officer is (i) no longer the chief executive officer of the Company, or (ii) required to change his current work pattern (the events in (i) and (ii) shall be an "Enforced Redundancy"), the chief executive officer shall be entitled to resign and shall no longer be required to work or perform until the end of the four months' notice period. The term "Exit Transaction" has been defined as (i) a transfer of more than 50% of the Company's shares or more than 50% of the voting rights to a third party or a group of persons exercising joint control in one or a series of related transactions to a propose acquirer who wishes to acquire a controlling majority of the shares, voting rights or assets pursuant to a bona fide purchase offer, (ii) the sale, lease, transfer, license or other disposition of all or substantially all of the Company's assets, or (iii) the consolidation or merger of the Company in which the Company is not the surviving entity or any other event pursuant to which the shareholders of the Company will have less than 50% plus one share of the voting power and/or of the shares of the surviving or acquiring company. In the event of an Enforced Redundancy, the chief executive officer will be entitled to a pro rata bonus. In the event of an Enforced Redundancy, the chief executive officer may also, at his sole discretion, elect to terminate the employment agreement with immediate effect and the Company shall then be required to make a payment in lieu of a notice equivalent to the basic salary only (but not the other benefits) to which the chief executive officer would have been entitled. The employment agreement also provides for a number of instances in which the agreement can be immediately terminated by the Company, including for cause.

The services agreement with the chief financial officer of the Company provides that it has been entered into for an unlimited term, and that it may be terminated in mutual agreement by the Company and the chief financial officer at any time. In case of termination of the agreement by the Company, the chief financial officer is entitled to three months' notice or to the payment of a quarter of the annual compensation in lieu of notice, or the payment of a pro rata part of one quarter of the fixed annual compensation in lieu of part of the notice. The agreement may be terminated by the chief financial officer subject to a notice period of three months. The agreement may be terminated by either the Company or the chief financial officer with immediate effect and without notice period (or, in case of termination by the Company, without notice period or indemnity) in case of wilful or serious breach or violation by a party of any of its covenants, obligations or duties under the agreement, or any wilful or serious neglect of or refusal to perform any of such covenants, obligations or duties.

7.3. Pension and early retirement schemes

The chief executive officer is entitled to pension benefits. The contributions by the Company to the pension scheme amount to 5% of the annual salary/fee of the chief executive officer. See also section 3.2 above.

There is no specific early retirement scheme for the members of the executive management.

8. DECISION-MAKING PROCESS

The remuneration policy was validated by the board of directors, upon recommendation and proposal of the remuneration and nomination committee, and approved by the annual general shareholders' meeting. The board of directors assesses, on a yearly basis, if the remuneration policy needs to adapt.

The remuneration and nomination committee assesses on a yearly basis if all elements of the remuneration policy are in line with the strategic objectives of the Company and proposes improvements to the board of directors, where deemed appropriate.

As mentioned in the Company's corporate governance charter, the directors (thus members of the remuneration and nomination committee, or of any other concerned advisory committee) are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain

interests, if this would conflict, or would give the impression to conflict, with the interests of the Company. Each board member should, in particular, be attentive to conflicts of interests that may arise between the Company, its board members, its significant or controlling shareholder(s) and other shareholders. The board members who are proposed by significant or controlling shareholder(s) should also ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the board in a timely manner.