

Compensation

Information related to the remuneration for the corporate officers of the Company

(information published on 1st March and updated on 7 April 2016 in accordance with AFEP and MEDEF recommendations)

Compensation policy

Compensation of Sequana corporate officers is decided by the Board of Directors based on recommendations made by the Nominations and Compensation Committee.

Non executive corporate officer

Members of the Board of Directors of Sequana receive attendance fees in an amount determined by shareholders at the Annual General Meeting and distributed according to the Board's decision.

Regarding the allocation of these attendance fees, the amount payable to directors is split into (i) a fixed portion paid to the directors representing 40% of the total attendance fees and distributed equally among the directors and (ii) a variable portion comprising 60% of total attendance fees which is allocated among the directors and the censor based on their attendance at Board meetings and, if applicable, at the meetings of any committees of which they are members.

Aggregate attendance fees paid in respect of 2015 totalled € 667,130.

The corporate officers do not receive any other compensation in respect of their duties within Sequana or any other benefits from the company.

Moreover, the Vice-Chairman, Mr Jean-Pascal Beaufret, does not receive any compensation for his duties other than the attendance fees payable in respect of his tenure as a director and his committees' contribution.

Executive corporate officer (Mr Pascal Lebard)

The roles of Sequana Chairman of the Board of Directors and Chief Executive Officer are combined and entrusted to Mr Pascal Lebard.

The annual compensation paid to the Chief Executive Officer comprises a fixed portion and a variable portion determined by the Board of Directors based on recommendations made by the Nominations and Compensation Committee.

The fixed portion of Pascal Lebard's annual compensation, corresponding to €900,000 since 2010, was maintained at same amount for 2016, pursuant to a decision of the Board of Directors' meeting of 26 February 2016.

As regards Pascal Lebard's variable compensation for his duties as Chief Executive Officer, the Board of Directors' meeting on 9 April 2015 placed on record that the Sequana group's transformation plan had been implemented as planned in 2014 and decided to set Pascal Lebard's variable compensation for 2014 at 100% of its target amount, i.e. his fixed compensation of €900,000. The payment of two thirds of this amount (i.e., €600,000) was not subject to any conditions, whereas payment of the remaining third (i.e., €300,000) was contingent on the completion of the sale of the Brazil-based company Arjo Wiggins Ltda which had been implemented in May 2015.

At the same meeting, the Board also set the criteria to be used to calculate Pascal Lebard's variable compensation for 2015, which may represent up to 100% of his fixed compensation. These criteria are based on (i) the Sequana group's operating results and cash management (which together account for 50% of the overall amount), and (ii) the success of the distribution and production strategies determined by the Board and the finalisation of the succession plan for the group's senior executives (which together account for the other 50%). The Board also reserved the right to increase Pascal Lebard's variable compensation to 110% of his fixed compensation if it deems such a rise justified in light of any exceptional transactions that may take place in 2015.

At its meeting on 26 February 2016, the Board considered, after having assessed the above mentioned objectives and taken into account the exceptional transactions which occurred in 2015, that (i) the amount of the 2015 Group's Ebitda justified that the corresponding criterion, which weighted 33.33%, be valued at half of its amount, (ii) the success of the distribution and production strategies as well as of the finalisation of the succession plan for the group's senior executives justified that both criteria, weighting each 25%, be valued at 90% of their respective amount and (iii) the objectives related to Sequana group's cash management, which weighted 16.7%, were fully satisfied. Therefore, the amount of Pascal Lebard's variable compensation corresponded to 80% of its target amount but the Board, considering the exceptional nature of the sale of the Security Solutions businesses to Impala group in June 2015 and the significant deleveraging of Arjowiggins, decided to set Pascal Lebard's variable compensation for 2015 to 100% of his fixed compensation, i.e. 900,000 euros.

At its meeting on 29 March 2016, the Board set the criteria to be used to calculate Pascal Lebard's variable compensation for 2016. The latter may represent up to 100% of its fixed compensation if all the corresponding performance criteria are met. The Board also reserved the right to increase it to 110% of his fixed compensation if it deems such a rise justified in light of any exceptional transactions that may take place in 2016. These performance conditions are based on both operational and financial criteria and qualitative ones. The operational and financial conditions include, each weighting up to 35% of the total amount of Mr Lebard 2016 variable compensation, the amount of the Group's Ebitda and the Debt/Ebitda ratio, both of them being compared to the 2016 budget as set out by the Board at the end of 2015. The qualitative conditions include three criteria, each weighting 10% of the total amount of Mr Lebard 2016 variable compensation, which are the implementation of the Arjowiggins Security recovery plan, the follow up and the implementation of the succession plan for the Group's senior executives as set out in 2016 as well as the continuation of the Group's strategic plan.

Pascal Lebard does not receive any specific compensation for his duty as Chairman of the Board of Directors or any attendance fees other than those related to his tenure as a director and committee member. In this respect, the attendance fees he received during 2015 totalled 44,435 euros. Pascal Lebard receives no other benefits in kind other than the providing of a vehicle, the annual amount of which is valued to 2,136 euros (356 euros for 2015). He does not benefit from any variable multi-year compensation system. Neither during 2015 nor in respect of 2016, he did not receive any exceptional compensation, no stock subscription or purchase options were granted to him and no free shares (including performance shares) were awarded to him. Pascal Lebard benefits from the same pension scheme as Sequana's other executives, i.e., a "traditional" scheme. He has the same rights as the company's other executive employees in terms of health cover and travel insurance, and is not entitled to any further benefits.

On 28 April 2015, the Board of Directors determined the compensation, indemnities and benefits ("termination benefit") for which Pascal Lebard could be eligible in the event of the termination or a change of his position as Sequana's Chairman and Chief Executive Officer. This termination benefit may represent up to 1.5 times Pascal Lebard's annual salary at the date his duties are terminated (based on his fixed compensation for the year plus the most recent amount paid for his variable compensation). The amount of the benefit will depend on the same performance conditions as those set by the Board for his variable compensation for the two years preceding the termination of his duties, with each condition carrying the same weighting. These financial conditions fully comply with the recommendations of the AFEP-MEDEF Code. The termination benefit will not be payable if Pascal Lebard (i) leaves the company at his own initiative, (ii) is no longer an executive corporate officer at the date of his departure, or (iii) is entitled to claim his retirement pension within a short period following his departure.