



**Gemalto N.V.**  
**Audit Committee of the Board of Directors**  
**Audit Committee Charter**

(Revised on November 29, 2007)

**1. The Committee's Purpose**

- 1.1 The Audit Committee (“**Committee**”) is appointed by the Board of Directors (“**Board**”) to assist the Board in the monitoring and oversight of Gemalto N.V.’s (“**Company**”) accounting and financial reporting practices in accordance with applicable laws and securities exchange rules.
- 1.2 The Committee has in any event the duties as laid down in best practice provision III.5.4 of the Dutch corporate governance code.
- 1.3 The Committee makes proposals to and proposes resolutions for consideration by the Board. The Board remains responsible for its decisions even if they are based on the recommendations made by the Committee.

**2. Composition and Membership**

- 2.1 The Committee shall consist of at least three members who shall all be non-executive Directors of the Company.
- 2.2 All members of the Committee, with the exception of not more than one person, shall meet the Dutch Corporate Governance Code independence criteria.
- 2.3 At least one member of the Committee shall be a financial expert having up-to-date relevant knowledge and experience of financial administration and accounting for listed companies or other large corporate entities.
- 2.4 The Committee members shall be appointed by the Board on the recommendation of the Nomination and Governance Committee.
- 2.5 The chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination and Governance Committee and shall not be the chairman of the Board or a former executive member. In the absence of the Committee chairman the remaining members present shall elect one of them to chair the meeting.
- 2.6 The Company Secretary shall act as the secretary of the Committee, unless the Committee decides otherwise.

**3. Meetings**

- 3.1 The Committee shall meet at least four times a year and have additional meetings as necessary or appropriate to fulfill the Committee’s obligations. The Committee shall have the discretion to decide who, other than the members, shall attend its meetings. The Chief Financial Officer, the Internal Audit Director, and a representative of the external



- auditors shall normally be invited to attend meetings. The Chairman and other members of management may be invited to attend, as appropriate.
- 3.2 At least once a year, the Committee shall meet with the internal and external auditors, either together or separately, without executive Board members or any member of management being present. The Committee may also meet with the Chief Financial Officer and other members of the executive management in separate executive sessions.
- 3.3 A meeting of the Committee may be called by any member of the Committee or by the secretary. The external auditors and the internal audit director may request a meeting with the Committee or the chairman of the Committee if they consider it necessary or appropriate.
- 3.4 Except in case of urgency, no meetings in person shall be held without five days notice, which notice should include the agenda and supporting papers. Separate notice shall not be required for meetings held at times and places described in a schedule previously adopted by the Committee. The Committee may also meet by telephone or video conference.
- 3.5 Following each meeting of the Committee, the Committee chairman or, in his absence, another member of the Committee, shall report to the Board on the matters considered and dealt with by the Committee.
- 3.6 Minutes will be made by the secretary (or his deputy) and shall be circulated as soon as possible, after approval by the chairman of the Committee, to all the Board members and approved at a Committee meeting.

#### **4. Authority and Responsibilities**

- Responsibility for the Company's Relationship with the External Auditors*
- 4.1.1 The Committee shall consider the appointment or replacement of the external auditor and make recommendations to the Board in that regard for nomination to the General meeting of shareholders.
- 4.1.2 The external auditors shall report directly to the Committee. The Committee will have the responsibility and authority to approve the auditor's fees for such work (budget and changes).
- 4.1.3 The Committee will establish guidelines for the retention of the external auditors for any permissible non-audit services and receive reports not less than annually on the fees payable to the auditor for such services.
- 4.1.4 The Committee shall establish policies for the Company's hiring of employees or former employees of the external auditors who participated in any capacity in the audit of the Company, in accordance with applicable law and regulations.
- 4.1.5 The Committee shall review, at least annually, the qualifications, performance and independence of the external auditors, including considering whether the external auditor's quality controls are adequate and the provision of permitted non-audit services



is compatible with maintaining the external auditor's independence, and taking into account the opinions of executive management and the director of internal audit.

- 4.1.6 The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain at the Company's expense independent legal, accounting or other advisors to assist the Committee in its responsibilities. The Committee shall determine the amount of funds it needs to operate and direct the CFO of the Company make such funds available.
- 4.1.7 As part of its oversight role, the Committee may investigate any matter brought to its attention and retain outside counsel or other experts for this purpose. Consequently the Committee may inspect all relevant corporate books, records and facilities, and interview any officer or employee of the Company, the Company's outside counsel or the external auditors or any member of, or consultant to, the Committee, in so far as necessary to fulfill its assignment.

*Oversight of the External Auditor and Internal Audit Function*

- 4.2.1 The Committee shall review the external auditor's scope of work in relation to their audit of the annual financial statements and any review of interim financial reports.
- 4.2.2 The Committee shall approve the appointment and replacement of the director of internal audit.
- 4.2.3 The Committee shall approve the annual internal audit plan and periodically receive reports prepared by the director of Internal Audit on the results of the audit work performed.
- 4.2.4 The Committee shall review annually and approve any changes to the Company's internal audit charter and the independence of the audit process.
- 4.2.5 Annually the Committee shall review the effectiveness of internal audit and make recommendations if appropriate in relation to the department's responsibilities, budget and staffing and any changes in the planned scope of the internal audit.

*Financial Statements and Disclosure Matters*

- 4.3.1 The Committee shall review and discuss with management and the external auditors the annual financial statements, including disclosures made in management's discussion and analysis or similar sections and the results of the audit.
- 4.3.2 The Committee shall review and discuss with management and the external auditor the Company's interim financial statements and any other published financial information prior to release, including the results of any review by the external auditors of the interim financial statements or other information.
- 4.3.3 The Committee shall discuss with management and the external auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the quality of earnings, significant deviations between planned and actual performance, any significant changes in the Company's selection or application of accounting principles, any significant issues as to the adequacy



- of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- 4.3.4 The Committee shall review and discuss reports from the external auditors on:
- (i) all critical accounting policies and practices having regard to whether they are consistent with a fair presentation of the Company's financial statements in accordance with generally accepted accounting principles;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, and the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
  - (iii) any material written communications between the external auditors and management, such as any management letter.
- 4.3.5 The Committee shall discuss with management and the external auditors the Company's financial disclosures in the operating and financial review sections of the Annual Report, earnings press releases, as well as financial information and any earnings guidance provided to analysts.
- 4.3.6 The Committee shall discuss with management and the external auditors the effect on the Company's financial statements of significant changes or planned changes in financial reporting regulations and accounting standards.
- 4.3.7 The Committee shall discuss with management the Company's potentially significant financial risk exposures, as well as any off-balance sheet structures and transactions, and the steps management has taken to monitor and control risk exposure, including the Company's risk assessment and risk management policies.
- 4.3.8 The Committee shall review with the external auditors any audit problems or difficulties and management's response, including, but not limited to:
- (i) any restrictions on the scope of the external auditors' activities;
  - (ii) any restriction on the access of the external auditors to requested materials or personnel;
  - (iii) any significant disagreements with management;
  - (iv) any internal control matter brought up by the external auditors, and
  - (v) any audit differences that were noted or proposed by the external auditors but for which the Company's financial statements were not adjusted (as immaterial or otherwise).
- The Committee will resolve any disagreements between the external auditors and management regarding financial reporting.
- 4.3.9 The Committee shall review the operation of the internal risk management and control systems and shall review annually the report from management on the adequacy and effectiveness of the internal risk management and control systems to be included in the Annual Report.
- 4.3.10 The Committee shall obtain at least annually confirmation from management that the system of internal controls is adequate and effective.



Compliance Oversight Responsibilities

- 4.4.1 The Committee shall obtain reports from management that the Company is in conformity with applicable legal requirements and the Company's code of ethics after its adoption, and review disclosures required to be made under the securities laws of insider and affiliated party transactions. The Committee shall advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's code of ethics. The Committee shall coordinate with the Nomination and Governance Committee to ensure the proper handling of such matters.
- 4.4.2 The Committee shall review transactions in which officers, directors or other related parties have an interest or that involve parties whose relationship with the Company may enable them to negotiate terms more favorable than those available to clearly independent parties on an arm's length basis. The Committee shall make recommendations to the Board concerning whether related party transactions appear in the Company's best interests, if consummated, and are appropriately disclosed.  
The Committee shall review:
- (i) the business purposes of proposed related party transactions;
  - (ii) the identity of the parties involved, including beneficial owners;
  - (iii) how transaction prices and terms were determined by the parties;
  - (iv) whether the transactions have been evaluated for fairness, and any description of how the evaluation was made; and
  - (v) the scope of and term of contractual or other commitments that would result from the proposed transaction.
- 4.4.3 The Committee shall review and approve Company guidelines for the making of loans and guarantees and entering into derivative transactions.
- 4.4.4 The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters and bribery, and will report the confidential, anonymous submission by employees of concerns regarding suspected improper (or questionable) conduct within those areas.
- 4.4.5 The Committee shall discuss with management and the external auditors any correspondence with regulators or governmental agencies and any published reports that raise potentially significant issues regarding the Company's financial statements or accounting policies.
- 4.4.6 The Committee shall review with the Company's General Counsel at least annually: (i) all significant legal matters that may have a material impact on the Company's financial statements; and (ii) the Company's compliance policies.
- 4.4.7 The Committee shall review at least annually a report from management on the group's tax risks and current status of tax compliance.
- 4.4.8 The Committee shall review at least annually a report from management on the general financing strategy, the group's treasury risks and controls, including derivatives, any special purpose financing structures, and the group's financing policies.



4.4.9 The Committee shall review at least annually a report from management on the group's information and communication technology risks and development plans.

**5. Annual Assessment of Committee Functioning**

The Committee shall assist the Nomination and Governance Committee with the annual appraisal of the effectiveness of the Committee.

**6. Amendment of the Charter**

The Committee shall review this charter when it deems necessary and recommend any changes that it deems appropriate to the Board for approval.

**7. Disclosures regarding the Committee**

7.1 The Committee establishes annually a report mentioning the composition of the Committee, the number of meetings of the Committee and the main items discussed during the year, which report shall form part of the Annual Report.

7.2 The charter shall be published on the Company's website.

**8. Miscellaneous**

8.1 The Committee may delegate specific responsibilities to one or more individual Committee members to the extent permitted by compliance with applicable laws and regulations.

8.2 The chairman of the Committee (or one of the other Committee members) shall be available to answer questions regarding the Committee's activities at the annual General Meeting of Shareholders.