Trust. Every day

That’s what makes secure access to Government services only a PIN away for Finnish citizens.

The Finnish Government’s national e-ID scheme now incorporates mobile technology so its citizens can access services...

...and digitally sign documents using their mobile regardless of the operator.
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**Governance**

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Our Board

Gemalto has a one-tier Board, which has ultimate responsibility for the management, general affairs, direction and performance of the business as a whole.

Board committee key
- Chairman of committee
- Audit committee
- Compensation committee
- Nomination and Governance committee
- Strategy and M&A committee

**Alex Mandl** 1943  American

Non-executive, independent
Chairman of the Board
Initial appointment: 2006
Current term: 2011–2015 (second term)
Other current appointments: member of the Board of Directors of Gemalto Solutions Inc. and of Gepact Limited, as well as Board member of Accretive Health.

Experience: Alex Mandl was Executive Chairman of Gemalto (2006–2007) and President and CEO of Gemplus (2002–2006). He has also been a Board member of Horizon Lines (2007–2012), Hewitt Associates (2007–2010), Visteon Corporation (2008–2010), and Director of Dell Inc. (1997–2013), including Lead Director from 2010–2013. He was previously a principal in ASM Investments focusing on the technology sector (2001–2002), and Chairman and CEO of Teligent, a company he started in 1996, offering telecommunication and internet services to business markets. Earlier, he was AT&T’s CFO and then President and Chief Operating Officer (1991–1996) with responsibility for long distance, wireless, local communications and internet services. He was also Chairman and CEO of Sea-Land Services, Inc. (1987–1991).

**Olivier Piou** 1958  French

Executive, Chief Executive Officer
Initial appointment: 2004
Current term: 2012–2016 (third term)
Other current appointments: member of the Board of Directors of Smart Cards World and of Debit & Credit.

Experience: Olivier Piou conducted the merger of Gemplus and Axalto which formed Gemalto in 2006, and has been its CEO since then. Before that he was CEO and Board member of Axalto (2004–2006), which he introduced to the stock market, and President of Smart Cards with Schlumberger (1998–2004). He previously held a number of positions with that company across technology, marketing and operations in France and the US (1981–1998). He was a Board member of INRIA, the French national institute for research in computer science and control (2003–2010), and President of Eurosmart, the international organization representing the chip card industry (2003–2006). He is a Knight of the Legion of Honor in France.

**Johannes Fritz** 1954  German

Non-executive, independent
Initial appointment: 2006
Current term: 2012–2016 (third term)
Other current appointments: Head of the Quandt/Klatten Family office and managing director of Seedamm-Vermögensverwaltungs GmbH; Chairman of the supervisory board of Solarwatt GmbH; and Board member of Avista AG and Drees & Sommer AG.

Experience: Johannes Fritz was a Director of Gemplus (2002–2006). With significant experience in the finance and the banking sector, he has been Head of the Quandt/Klatten Family office since 2010 and was previously its Managing Director, responsible for all financial questions and running the day-to-day-business (1990–2000). Before that he was with KPMG covering financial institutions and industrial companies (1984–1989) and was earlier assistant to the CEO of Bertelsmann. He has an MBA from Mannheim University and a post-graduate qualification from NYU Stern School of Business.

**John Ormerod** 1949  British

Non-executive, independent
Initial appointment: 2006
Current term: 2013–2015 (third term)
Other current appointments: Chairman of Tribal Group plc; non-executive Director of Compucenter plc; and non-executive Director of ITV plc.

Experience: John Ormerod is a UK chartered accountant with advisory and Non-executive Director experience in finance and in the technology sector. He was a non-executive Director of Gemplus (2004–2006); a non-executive Director of Misys plc; a leader in the financial software industry (2005–2012); and prior to that he was a partner with Deloitte & Touche (2002–2004). Earlier he served with the accounting and consulting firm Arthur Andersen (1970–2002) where he led the development of the firm’s European Technology, Media and Communications practice, culminating in his appointment as UK managing partner (2001–2002).

**Homaira Akbari** 1961  American/French

Non-executive, independent
Initial appointment: 2013
Current term: 2013–2017 (first term)
Other current appointments: Non-executive Director of Landstar System Inc. (NASDAQ: LSTR), Chair of the Johns Hopkins University Physics and Astronomy Advisory Council.

Experience: Homaira Akbari has extensive experience and deep domain knowledge in mobile, software and security spaces. From 2007 to 2012, she was the President, Chief Executive Officer and a Director of SkyBitz, Inc., a leading provider of remote asset tracking and security solutions. Prior to SkyBitz, she held senior managerial roles with significant responsibilities in very large publicly-traded companies: Microsoft (NASDAQ: MSFT), Thales, SA (Euronext: HO), and TruePosition, a wholly-owned subsidiary of Liberty Media Corporation (NASDAQ: LMC.A). She holds a Ph.D. in particle physics from Tufts University and an MBA from Carnegie Mellon Tepper School of Business.
Arthur van der Poel 1948  Dutch  
Non-executive, independent  
Initial appointment: 2004  
Current term: 2012–2016 (third term)  
Other current appointments: Chairman of the supervisory board of DNV GL; Chairman of the supervisory Board of BDR-Thermatex BV; and member of the supervisory Board of Royal HaskoningDHV BV.  
Experience: Arthur van der Poel has a life-time’s experience in the electronics and telecoms sectors. He was Chairman of MEDEA+, the pan-European program for co-operative R&D in microelectronics (2004–2007); and was previously a member of the Board of management of Royal Philips Electronics (1998–2003). Before that he served with Philips Semiconductors where he held different marketing and management positions (1984–1996), culminating as Chairman and CEO (1996–2001). Arthur had earlier worked for the International Telecommunication Union in Indonesia, and before that for the R&D group of Dutch telecom operator PTT.

Buford Alexander 1949  American  
Non-executive, independent  
Initial appointment: 2009  
Current term: 2013–2017 (second term)  
Other current appointments: Chairman of the supervisory Board of Faiveley Transport SA; Board member of Essilor International SA; and Board member of Eurogerm SA.  
Experience: Buford Alexander is a Director Emeritus of McKinsey & Company where he pursued a notable consulting career (1976–2008) leading its European high-tech and banking practices, and founding its European Corporate Finance practice including M&A and post–merger management. He has spent much of the last years designing and leading the transformation of global European multinationals. He has an MBA from Harvard Business School, and holds the Royal Distinction of Officer in the Order of Oranje-Nassau. Amsterdam has served as his European base since 1983.

Michel Soublin 1945  French  
Non-executive, independent  
Initial appointment: 2004  
Current term: 2011–2015 (third term)  
Other current appointments: None.  
Experience: Michel Soublin has held several positions in finance and management in Paris, New York and Moscow within Schlumberger, of which Axalto was formerly a division. He was CEO of its electronics subsidiary involving smart cards, POS terminals, service station equipment and parking divisions (1983–1990); financial director of its Oilfield Services subsidiary involving smart cards, POS terminals, (1991–1996). He was Chairman of Sperian Protection (2003–2005) having been a Director since 1991. He is an engineering graduate from ENSERIMA Grenoble and holds a Master of Science from the Massachusetts Institute of Technology.

Philipppe Alfroid 1945  French  
Non-executive, independent  
Initial appointment: 2010  
Current term: 2010–2014 (first term)  
Other current appointments: Chairman of the supervisory Board of Esailor International, the world leader in ophtalmic optics (1996–2009) and had previously held several operational and senior management positions in the Group including Chief Financial Officer (1991–1996). He was Chairman of Sperian Protection (2003–2005) having been a Director since 1991. He is an engineering graduate from ENSERIMA Grenoble and holds a Master of Science from the Massachusetts Institute of Technology.

Yen Yen Tan 1965  Singaporean  
Non-executive, independent  
Initial appointment: 2012  
Current term: 2012–2016 (first term)  
Other current appointments: Senior Vice-President (Applications), Oracle Corporation Asia Pacific; Director, Singapore Press Holdings; Chairman, Singapore Science Center; Director, Singapore Defence Science and Technology Agency; Director, Cap Vista Pte Ltd; Director, Singapore Institute of Directors; member of the advisory boards for Singapore Institute of Management’s International Academic Panel and National University of Singapore School of Computing; and advisor mentor of TNF Ventures.  
Experience: Yen Yen Tan has considerable experience in the technology sector. She was Vice-President and Managing Director for Hewlett Packard (HP) Singapore (2005–2010); and previously held various senior management positions with HP including sales, channels and marketing across Asia-Pacific region (1993–2005). She was also Chairman of the Singapore Infocomm Technology Federation (2009–2011); and Deputy Chairperson of the Internet and Media Advisory Committee of Singapore’s Ministry of Information, Communications and the Arts (2009–2011).

Drina Yue 1957  American  
Non-executive, independent  
Initial appointment: 2012  
Current term: 2012–2016 (first term)  
Other current appointments: Senior Vice-President and Managing Director of Western Union, Asia Pacific.  
Experience: Drina Yue has a wealth of experience especially in telecommunications. She was head of Motorola’s Asia Pacific Broadband Communications, Home & Network Mobility business (2004–2010); and CCO then CEO of SiteeAsia, developing it into the world’s first listed steel vertical portal (2000–2004). She was previously Chief of Staff to the President of Motorola’s wireless infrastructure business in China (1999–2000), and held various roles with BellSouth (1984–1994) receiving five US patents in telecommunications services. She began her career at AT&T as a development engineer and systems analyst (1980–1984). She was also a Board member of HK’s Information Infrastructure Advisory Committee (2000–2006) and is a member of the Unsolicited Electronic Messages (Enforcement Notices) Appeal Board.
Our Senior Management

As at January 1, 2014

From January 1, 2014 we continued the transformation of the Company by adapting the structure of the Senior Management Team to address the demands and opportunities of the new multi-year development plan. This involved creating a new position of Chief Operating Officer to lend further support to our multi-faceted growth; promoting from within, globally across the Company, a new generation of managers who had proven their strengths through their contributions to the previous plan; and strengthening our dedication to ethics, compliance and governance.

Paul Beverly 1962 American
EVP Marketing

Paul Beverly has held his current position since 2006. In this role he leads Gemalto’s global marketing activities, focusing on business development and the customer experience at all touchpoints. He also served as President of North America (2003–2013) with responsibility for business operations since the inception of the Company. Before that he held senior management positions in the United States and Europe for Schlumberger, with whom he began his career. He is deeply involved in the high-tech industry, having served as Chairman of the leading trade organization and on the Board of the University of Texas Technology Incubator, and frequently presenting at industry events and in the media. He is active with numerous charitable organizations and is a Board member of the Austin Chamber of Commerce. Paul holds Business and Economics degrees from Auburn and Harvard University.

Eke Bijzitter 1974 Dutch
Compliance, Governance and Central Officer

Eke Bijzitter has held her current position since January 2014. Prior to this she was Group Corporate Counsel and Deputy Company Secretary of Gemalto (2005–2013). Before joining Gemalto she held different positions as corporate counsel in the Netherlands. Eke Bijzitter is a graduate in Law from the University of Groningen and a postgraduate in Corporate Structures from the Gratius Academie.

Isabelle Marand 1966 French
EVP Corporate Communication

Isabelle Marand has held her current position since January 2014. Prior to this she was VP Corporate Communication (2010–2013) and VP Branding and Internal Communication (2006–2010) for Gemalto. Isabelle previously headed Axalto’s communication department (2003–2006) and spent seven years in different marketing communication positions within Schlumberger. Before this she held various marketing and communication positions at Alcatel Business Systems (1989–1996). Isabelle Marand is a graduate of the France Business School (Grande école program) and holds a degree in foreign languages from la Sorbonne Nouvelle University.

Martin McCourt 1962 Irish
EVP Strategy and Innovation

Martin McCourt has held his current position since 2007, being responsible for Strategy and M&A and executing over 20 acquisitions. From January 2014 he has also taken responsibility for Research and Development, Innovation, IP and Purchasing. He was previously President of Asia for Gemplus (2005–2007) and before that had spent 20 years with Corning Inc. in R&D, sales and marketing, strategy and M&A roles, most recently heading the worldwide Project Services business for Corning Cable Systems. Martin has a Master of Business Administration from INSEAD, a PhD in Integrated Optics from the Institut National Polytechnique in Grenoble and a Bachelor of Electronic Engineering from University College Dublin.
Philippe Cabanettes 1955  French

EVP Human Resources

Philippe Cabanettes has held his current position since 2006. Prior to this he was VP Human Resources for Axalto (2004–2006); Director of Personnel for Schlumberger’s Volume Products business (2001–2004) and Director of Personnel for Schlumberger’s Resources Management Services division (1997–2001). He previously held various positions with worldwide responsibility for Human Resources in the petroleum, industrial and services sectors of the Schlumberger group, and was based in France, Italy and the US. He has served as President of PartnerJob.com, a non-profit, cross-industry organization facilitating Dual Career management since 2002. Philippe is a graduate from Institut d’Etudes Politiques in Paris (“Sciences-Po”) and holds a Master in Economics from Université de Paris X.

Jacques Tierny 1954  Swiss/French

EVP Chief Financial Officer

Jacques Tierny has held his current role since 2007. Before that he was head of the Valuation and Strategic Finance practice for KPMG Corporate Finance in Paris. Jacques was previously Group CFO and later Executive Deputy General Manager for the retail group Casino (2003–2006). He had earlier spent 23 years in different finance positions at Michelin, later becoming Group Deputy CFO. Jacques began his career as a commodity broker. He graduated in 1977 from the HEC School of Management in Paris, and also from the International Management Program from the MBA of New York University and the Mestrado from Getúlio Vargas in São Paulo. Jacques also taught Corporate Finance at the Conservatoire National des Arts et Métiers (CNAM) and other business schools, and is a member of the Board of the French investment fund Sicav LCL Obligations Euro.

Philippe Vallée 1964  French

EVP Chief Operating Officer

Philippe Vallée has held his current position since January 2014. Prior to this he was EVP Telecommunications Business Unit (2007–2013). He previously served Gemalto and Gemplus in a number of roles including heading the Product and Marketing Center; CTO; VP Marketing and then President of the Telecom BU; and VP Gemplus Technologies Asia based in Singapore. Before that he held a number of positions in marketing, product management and sales in Europe and in Asia, and has over 23 years’ experience in the Telecom industry. He began his career with Matra Communication (now Lagardère Group) as a product manager on the first generation of GSM mobile phones. Philippe has a degree in Engineering (Telecom and Microelectronics) from the Institut National Polytechnique de Grenoble and is a graduate of the ESSEC Business School.

Jean-Pierre Charlet 1953  French

EVP General Counsel, Risk Prevention and Management, Company Secretary

Jean-Pierre Charlet has held his current position since 2005. Since January 2014 he has also taken responsibility for Risk Prevention and Management. Prior to this he was General Counsel of Rexel (2003–2005); Deputy General Counsel of Sanofi-Synthélabo (1999–2002); and General Counsel of Synthélabo (1994–1999). From 1981 to 1996 he held positions within the Legal Departments of Carnaud-Metalbox, PPR group, Schlumberger group and Société Métallurgique Le Nickel-SLN. Jean-Pierre was admitted to the Bar in Paris in 1974 where he began his career in various law firms. Jean-Pierre holds a Master in Law from Université de Paris X and a Master of Comparative Law from Georgetown University in Washington D.C.

The 2010–2013 Senior Management team

During our 2010–2013 Development Plan, our Senior Management team was as follows. It is in large part due to their remarkable abilities that Gemalto was able to achieve the objective of its previous plan one year early, and we sincerely thank them for their contributions.

Paul Beverley  EVP Marketing & President North America
Philippe Cabanettes  EVP Human Resources
Philippe Cambrièl  EVP Secure Transactions Business Unit
Jean-Pierre Charlet  EVP General Counsel and Company Secretary
Claude Dahan  EVP Operations
Martin McCourt  EVP Strategy, Mergers and Acquisitions
Christophe Pagezy  EVP Corporate Projects
Jacques Sénéca  EVP Security Business Unit
Jacques Tierny  EVP Chief Financial Officer
Philippe Vallée  EVP Telecommunications Business Unit
An interview with the Chairman

Q. What were the Board’s main priorities in 2013?
A. High quality corporate governance always contributes to a company’s long-term success. So every year it’s vital to ascertain that our Board has the right mix of skills to provide expert oversight and sound decision-making. Then a key priority is to ensure Gemalto meets its very ambitious objectives – not only financial, but also for customer satisfaction and employee engagement. And in 2013 another was to make sure the new Long Range Plan (LRP) was developed robustly – involving us in deep dialogue with Management to be certain our views and expectations were in line.

Q. How do you ensure the Board’s effectiveness?
A. First of all, by having a rich blend of experience around the table to give us real insights into the global, technological environment Gemalto addresses. Over the years we’ve spent a lot of time assessing the skillsets we need and ensuring we have the right balance to maintain success into the future. For a start, the Board needs top management and operating experience, as well as a deep understanding of financial and reporting matters. It’s important as well to have a solid grasp of Gemalto’s underlying technologies and markets – so a majority of the Board needs to be tech-savvy. We’ve also grown stronger by improving our gender balance and regional spread. The Company operates in a great many markets worldwide, so it’s valuable to have a rich cultural mix among our members.

Always looking to the future, we review our range of expertise every year because in a rapidly changing context we need to keep evolving in all these areas.

Q. How has the Board supported Gemalto’s strategic objectives?
A. Overseeing the development of the new LRP has been a key task – a constructive and very successful 15-month process involving a series of updates with Management. The Board helped review the opportunities and potential risks to make sure that the vision for the Company’s direction was shared and the plans were in line with its capabilities.

Q. How would you describe the Board’s decision-making culture?
A. It’s a blend of challenge and support. We have great respect for Management’s abilities – and the share price suggests that the investor community does too. That said, we must never lose touch with the realities of our business landscape and the constantly evolving competition, opportunities and markets. So we ensure Management takes these into account and then give our backing to the final decisions – an approach which I think they appreciate.

Q. What would you take away from the Board’s evaluation exercise?
A. A Board is a living entity and we have to keep evolving. Annual evaluations are part of the way we do this. The 2013 exercise showed progress in all the areas reviewed and gave us some to focus on going forward. We’ve made great strides in expanding the composition of the Board but we need to keep enhancing our skillsets – particularly in understanding the new industries we serve and their key trends, so that we can make sound judgment calls. We also insist that the development of key employees is effectively organized. We must keep growing our many talented people so that we maintain deep management strength going forward. Good succession planning is vital to staying on top of all the opportunities.

Q. What are the Board’s objectives for the coming year?
A. We want to be instrumental in building one of the world’s leading companies. With the LRP in place, our priority now is to ensure it’s effectively implemented. The focus areas I’ve mentioned will be critical: keep expanding the Board’s experience and ensure Gemalto continues to grow its management capabilities. In all this, we must set our sights on what’s needed for the future. We cannot rely on what’s worked in the past in such a fast-paced and rapidly changing world.
Our Board during 2013

Board composition 2013

Legend:

- Man
- Woman
- Nationality

- Alex Mandl
  - Non-executive
  - Independent
  - Chairman

- Olivier Pliou
  - Executive
  - Chief Executive Officer

- Arthur van der Poel
  - Non-executive
  - Independent

- Philippe Alfroid
  - Non-executive
  - Independent

- Drina Yue
  - Non-executive
  - Independent

- Homaira Akbari
  - Non-executive
  - Independent

- John Ormerod
  - Non-executive
  - Independent

- Michel Soublin
  - Non-executive
  - Independent

- Yen Yen Tan
  - Non-executive
  - Independent

- Johannes Fritz
  - Non-executive
  - Independent

Reappointments:
- Buford Alexander was reappointed as non-executive Board member until 2017.
- John Ormerod was reappointed as non-executive Board member until 2015.

Appointments:
- Homaira Akbari was appointed as non-executive Board member until 2017.

The Board’s focus during the year

The Board held seven meetings: four in person and three by conference call. The overall attendance rate at the Board meetings during 2013 was in excess of 90%.

During the year, the Board addressed the following main subjects (in alphabetical order):

- Agenda for the AGM.
- Annual budget plan for 2014.
- CEO and senior management remuneration.
- Corporate governance structure and developments.
- Design and effectiveness of risk management and internal control systems and any significant changes to them.
- Development of business activities, investment and M&A opportunities, as well as competitive environment.
- Grants to employees under the Global Equity Incentive Plan.
- Group financial performance and disclosures.
- Long-term evolution of Board and committee composition, including chairmanship.
- Main risks to the business.
- New organizational structure.
- Opportunities for employees to buy discounted shares under the Global Employee Share Purchase Plan.
- Performance and functioning of the Board, the Board committees and the individual Board members, including the CEO.
- Prospectus for the dual-listing and admission to trading on NYSE Euronext Amsterdam, being market of reference.
- Share buy-back and dividend policy.
- Succession planning for the CEO and Senior Management, and related management development.
- Training on Gemalto’s products and services, and training on crisis management.

Independence

As of December 31, 2013, all our non-executive Board members met the independence requirements of the Dutch corporate governance code’s best practice provision III.2.2. The Company is hence compliant with best practice provision III.8.4.
Our induction program
As is our usual practice, we ran an induction program for the new non-executive Board member, Homaira Akbari. Presentations from the CEO, EVP General Counsel and EVP Human Resources provided detailed information about the Gemalto Group’s structure, activities, products and operations. Our new non-executive Board member participated in the annual training program for Board members on Gemalto’s products and services.

Board reappointment schedule
The Board adopted a reappointment schedule, which is published on our website. The table here below lists the members of the Board and their terms in office. A term is maximum four years. Non-executive Board members may be reappointed for two additional terms. After having served two terms or upon reaching the age of 70 at reappointment date, non-executive Board members may be reappointed for additional terms of maximum two years each. The executive Board member has no limit in the number of terms, but is limited by the age of 65. The Board will propose certain amendments to the Articles of Association. If so adopted by the 2014 AGM, length and number of (re)appointments may vary, but the entire service of non-executive Board members may not exceed 12 years.

How the Board is performing
In 2013, the Board performed a self-assessment to benchmark and evaluate the effectiveness of the Board and its committees, including the Chairman and the CEO. The evaluation took into account the conclusions and recommendations from the assessment performed in 2012 by an external expert, Dr Tracy Long, PhD, of Boardroom Review. The evaluation process comprised written questionnaires and one-on-one interviews with all Board members. These covered key areas such as: strategy; risk management and internal controls; performance management; shareholder communication; Board culture and dynamics; Board composition, with particular reference to balance of skills, experience, independence, knowledge of the Group, and diversity; and the Board and committee calendar, agendas, materials and support. The completed questionnaires were available to the Chairman only, who prepared a written report which was discussed by the Board as a whole. While it was clear that the Board is effective and operates well, this evaluation exercise raised valuable points that will form part of the agenda for the Board and its committees for the coming period.

Our Board during 2013 continued

<table>
<thead>
<tr>
<th>Board members</th>
<th>Date of initial appointment</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>A. Mandl</td>
<td>2 June 2006</td>
<td>2ND TERM</td>
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<tr>
<td>O. Piou</td>
<td>17 Feb 2004</td>
<td>3RD TERM</td>
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<td>A. van der Poel</td>
<td>1 May 2004</td>
<td>3RD TERM</td>
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<td>B. Alexander</td>
<td>20 May 2009</td>
<td>2ND TERM</td>
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<tr>
<td>D. Yue</td>
<td>24 May 2012</td>
<td>1ST TERM</td>
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<tr>
<td>H. Akbari</td>
<td>23 May 2013</td>
<td>1ST TERM</td>
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<tr>
<td>J. Fritz</td>
<td>2 June 2006</td>
<td>3RD TERM</td>
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<tr>
<td>J. Ormerod</td>
<td>2 June 2006</td>
<td>3RD TERM</td>
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<td>M. Soublin</td>
<td>17 Feb 2004</td>
<td>3RD TERM</td>
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<tr>
<td>Ph. Alfroid</td>
<td>19 May 2010</td>
<td>1ST TERM</td>
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<tr>
<td>Y. Y. Tan</td>
<td>24 May 2012</td>
<td>1ST TERM</td>
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</tbody>
</table>
The committee meets during the year at times which are based on the Company’s financial reporting calendar. The committee normally invites the CFO, the Company’s external auditors, the Internal Audit Director and the Chairman of the Board to attend its meetings. Others, including the CEO, attend from time to time in order to participate in specific discussions or agenda items. The committee regularly meets in separate executive sessions with the CFO, EVP General Counsel, Internal Audit Director and the external auditors. The committee’s main responsibilities are to review the financial information to be published by the Company; to oversee the relationship with the Company’s external auditors and receive reports on the plans for and findings of their work; to review the Company’s risk management processes and effectiveness of its control systems; to approve the Company’s internal audit plans; and to receive reports of internal audit work performed. The full Audit committee Charter is posted on the Company’s website at http://www.gemalto.com/companyinfo/about/download/Audit_committee_charter_Nov_29_2007.pdf. The committee reports regularly to the Board on its work.

In carrying out its work, the committee challenges management on significant risks and mitigating decisions, on the levels of exposures, on policies and authority limits, especially in 2013 in relation to increased foreign currency fluctuations, and on the adequacy of judgmental based assumptions and sensitivity analysis used in valuations of assets and liabilities.

In particular, during 2013, the committee reviewed and reported to the Board on the following:

- Annual financial statements and the related detailed report from the external auditor. This review included consideration of the Company’s accounting policies and the key judgments made by management in preparing the financial statements. Areas of focus were the appropriate application of revenue recognition policies, in particular in relation to new areas of business; provisions for tax across the range of countries in which the Company operates; impairment testing of intangible assets; provisions for credit risk; and the overall presentation of the financial statements.

- Condensed semi-annual financial statements and the related report by the external auditor, as well as the announcements of the interim management statements, including quarterly revenue figures.

- Prospectus (composed of Registration Document, Securities Note, and Summary) for the dual-listing and admission to trading on NYSE Euronext Amsterdam in 2013, being the market of reference.

- The Company’s financial and risk management system and key internal financial control policies and procedures, to help the Board review and assess the effectiveness of internal controls. These included a review of the cash management, counterparty risk, and outstanding credit facilities, tax and treasury risks, including hedging, and information and communication technology risks. As an annual topic, a presentation on Information Solutions and Services (“ISS”) plans and risks was given to the committee by the CIO.

- Reports on whistle-blowing, significant claims and disputes – including those resulting in litigation – and related party transactions.

- Internal audit charter, the internal audit plan for the next three years and its coverage in relation to external audit. The committee also reviewed reports on the effectiveness and independence of the internal audit process, considered their findings and recommendations and monitored management’s follow-up actions.

- External auditor’s plan for the yearly audit.

- Performance and independence of the external auditor. Having considered the steps taken to ensure their continued independence, including reviewing the fees paid for audit and non-audit services, the committee recommended their reappointment. Taking into account developments of Dutch law on the rotation of external auditors, it developed a selection process to be executed in 2014 in view of proposing new auditors at the 2015 AGM, to be effective January 1, 2016.

- Evolution of the Internal Audit department, with the appointment of a new Internal Audit Director, and the responsibility for internal control processes being transferred to the Risk Prevention and Management and Internal Control Department, as such continuing to improve the independence of the Internal Audit function.
During the year the committee focused on the future nature, shape and composition of the Board and committees in order to maintain the current high level of effectiveness and made recommendations to the Board for Board (re)appointments and committee memberships.

Based on the committee’s advice, the Board recommended the reappointment of the members of the Board who stood for reappointment at the 2013 AGM. Kent Atkinson opted not to seek reappointment when his mandate expired at the close of the AGM, because of his other obligations. After a thorough selection process supported by a leading executive search firm, the committee proposed to put forward Homaira Akbari as new non-executive Board member. Interviews and introduction meetings were held with the committee members and other Board members, including the Chairman and CEO. Homaira Akbari was appointed at the 2013 AGM as non-executive Board member until 2017.

Following the rejection of certain proposed resolutions at the 2013 AGM, the committee analyzed the outcome and will propose revised resolutions to the 2014 AGM. The committee prepared and coordinated with the Chairman of the Board the self-assessment of the Board and the committees. Other topics addressed during the year included the sustainability report, governance sections of the Annual Report and the agenda for the AGM. The committee received regular updates on developments in Dutch corporate law.

The committee requested Mercer, another internationally recognized firm of compensation specialists, selected by the committee and independent from management, to perform a similar analysis. As a result of both surveys the committee concluded there was no need to change the remuneration policy or the execution thereof.

During 2013, Mercer benchmarked the compensation of the Non-executive Board members, including the Chairman of the Board. Following this analysis, the committee recommended increasing the individual compensation, which changes were adopted by the 2013 AGM.

It reviewed the achievement of the performance targets and objectives set by the committee for 2012 and the resulting variable compensation payments for the CEO and Senior Management, and proposed the 2013 targets. The 2013 Remuneration Report is set out on pages 57–60.

Upon proposal by the CEO and Senior Management, the committee recommended to the Board granting restricted share units to eligible employees in 2013. It defined the grant characteristics and the performance and service vesting conditions that should apply.

Having taken independent advice from Mercer, the committee designed the terms of the LTI grant to be made in 2014. This award will be aligned to the achievement of the LRP presented in September 2013. As in previous years, the committee recommended that Gemalto employees in more than 30 countries should have the opportunity to buy shares in the Company at 15% below the market price (the ‘2013 Global Employee Share Purchase Plan’).
Remuneration report

This report describes the remuneration policy for the CEO and the individual compensation paid to the CEO and non-executive Board members in 2013.

Introduction
The Board determines the CEO’s compensation with reference to the remuneration policy, which also provides guidance on Senior Management compensation (though the latter is not addressed in this report). The policy is approved by the shareholders – it was most recently amended by the 2008 AGM – and is published on our website. It complies with the Dutch corporate governance code apart from a few exceptions which are explained on page 61.

In considering the remuneration and incentive plans, the Board is assisted by Mercer, an independent advisor.

Remuneration policy
Our remuneration policy aims to attract, retain and reward talented staff and management by offering compensation that is competitive in Gemalto’s industry, motivates management to meet or surpass the Company’s business objectives, and aligns managers’ interests with those of shareholders.

Compensation for CEO Olivier Piou in 2013

<table>
<thead>
<tr>
<th>Compensation element</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>£800,000</td>
<td></td>
</tr>
<tr>
<td>Variable incentive</td>
<td>£1,027,669 (128% of base salary.)</td>
<td></td>
</tr>
<tr>
<td>Conditional multi-year share-based plan from 0 to 50,000 RSUs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension contributions</td>
<td>£75,993</td>
<td></td>
</tr>
</tbody>
</table>

The policy, and the checks and balances applied in its execution, are designed to avoid situations where the CEO – or Senior Management with similar incentive plans – act in their own interests, and to keep risk-taking in line with the Company’s adopted strategy and risk appetite.

To link reward to performance, a significant proportion of the CEO compensation package is variable, dependent on the performance of the Company and on the CEO’s personal performance over the short and long term. The Board ensures that performance targets are challenging, but realistic and sufficiently stretching.

The relationships between the chosen strategic objectives and the performance criteria applied, and between performance and compensation, are regularly reviewed.

Our policy is to maintain overall compensation levels at the 60th percentile for on-target performance – and in cases of exceptional performance within the upper quartile – benchmarked against a comparison group of relevant companies, particularly continental European high-tech and industrial companies. To ensure appropriate comparisons the Compensation committee consults independent, internationally recognized compensation specialists regularly, drawing on survey data on remuneration policies and actual data on compensation in the comparison group companies.

Compensation elements
The CEO’s compensation package consists of:

- **Base salary (fixed part of the annual cash compensation)**
- **Performance related short-term variable incentive (variable part of the annual cash compensation)**
- **Performance related long-term variable incentive (conditional multi-year share-based plan)**
- **Benefits and mandatory pension contributions (no supplemental pension plan)**

Details of the CEO’s compensation are shown in the table left and in note 9 to the statutory financial statements of the Holding Company.

**Base salary (fixed part of the annual cash compensation)**
The objective of the base salary is to attract and retain Senior Management, including the CEO, targeting the median level in our comparison group.

The CEO’s salary of £800,000 includes a fixed fee of €35,000 for his role as executive Board member of Gemalto N.V. It is reviewed annually by the Compensation committee and was not changed in 2013. It will be changed in 2014.
Remuneration report continued

Performance related short-term variable incentive (variable part of the annual cash compensation)

The objective of the variable incentive is to focus on the business priorities for the financial year ahead and to align reward with the future shareholder value creation. For on-target (100%) of the objectives this incentive is intended to be clearly above the median level in the comparison group, averaging over the years about the 60th percentile.

The CEO’s variable incentive is based on achieving short-term (annual) financial and personal targets proposed by the Compensation committee and approved by the Board each year. For 2013, as in previous years, the targets were:

Financial targets, accounting for 2/3 of the variable incentive:
• Revenue: 4/15 of the variable incentive.
• Profit from operations: 4/15 of the variable incentive.
• Free cash flow: 2/15 of the variable incentive.

Personal targets, accounting for 1/3 of the variable incentive: these relate to the CEO’s specific responsibilities and are defined as measurable actions linked to Gemalto’s success and development.

The CEO’s targets for 2014 will be along the same structure as for 2013 and will be linked to the objectives of the new multi-year development plan. The personal targets include customer satisfaction and employee satisfaction.

The objective of the variable incentive is to reward and retain Senior Management, including the CEO, over the longer term while aligning their interests with those of shareholders. The long-term incentive is intended to be clearly above the median level in the comparison group, and in cases of exceptional performance within the upper quartile.

The variable incentive ranges from zero to 180% of the base salary. On-target (100%) of the objectives results in an incentive of 120% of base salary. Exceptional performance can take the variable incentive to a stretch level of up to 180% of base salary. Below a minimum performance threshold, the variable incentive for financial performance is zero. The variable incentive is calculated using two linear interpolation scales from threshold to target and from target to stretch. In exceptional cases, the Board may use its discretionary power and add or reduce an amount.

The performance of the CEO and of the Company in 2013 led to a result of 107% for the CEO variable incentive. The variable incentive for the CEO is €1,027,669, i.e. 128% of his base salary.

Performance related long-term variable incentive (conditional multi-year share-based plan)

The objective of the long-term variable incentive plan is to reward and retain Senior Management, including the CEO, over the longer term while aligning their interests with those of shareholders. The long-term incentive is intended to be clearly above the median level in the comparison group, and in cases of exceptional performance within the upper quartile.

The Company’s long-term incentive plan allows for the award of share options and performance related shares, i.e. restricted share units and share appreciation rights. The Board may make annual awards to the CEO similar in substance or nature with a maximum value equivalent to 250,000 market value share options valued using any of the generally recognized valuation methods in a manner approved by the Board. Since 2009, the Board has granted restricted share units rather than share options, as it considers that these provide stronger alignment with shareholders’ interests.

Special conditions apply if the Company and/or its affiliates are absorbed by merger and liquidated, or undergo a change of control: unless the Board resolves otherwise, awards that have not yet fully vested will vest automatically. This automatic vesting will not arise if the awards are maintained in effect by the Company or a successor corporation, or replaced by a plan giving the employee substantially equivalent rights.

Restricted share units (RSUs)

RSUs are shares awarded conditionally to the CEO, Senior Management and eligible employees. There is no purchase price to be paid, but vesting is conditional on specific Board-approved performance targets and specific service criteria being met.

During 2013 the CEO received 50,000 RSUs. Depending on performance, the number of RSUs granted may vary, with a sliding scale from 0 to 50,000 RSUs. The RSUs will vest only if the following conditions are met:

• Performance vesting condition: reaching a certain cumulative profit from operations for the period 2013–2015, in line with the objectives of the new multi-year development plan.
• Service vesting condition: being an employee of Gemalto on December 31, 2015.

The grant is accounted for an equity-based compensation at a charge that may vary from €0 to €3,050,000, which will be expensed over 31 months. Associated with this grant, some social levies, accounted for as an equity-based expense at a charge that may vary depending on both, the above mentioned performance as well as the share price upon delivery will be expensed over 36 months.

Share options

Share options were granted to the CEO for the last time in 2008, based on the previous year’s performance. These vested in 2012 and can be exercised until 2018. The exercise price is equal to the average Gemalto share closing price on the NYSE Euronext Amsterdam stock exchange over the five trading days preceding the grant date, with no discount.
Benefits and pension contributions

The CEO enjoys the benefits appropriate to his position that apply to French employees.

These include the ability to participate in the Gemalto Employee Share Purchase Plan. In 2013, employees were offered the opportunity to buy shares in Gemalto N.V. at a 15% discount to the market price, based on the lesser of the share values on the first and last day of the offering period. French employees participate in this plan through a Fonds Commun de Placement d’Entreprise (FCPE), a fund which subscribes to the Gemalto shares and gives the employee units of the FCPE in exchange. The CEO did not participate in theGESPP in 2013.

For 2013, the CEO’s pension contribution costs to the mandatory pension plan in France amounted to €75,993. The CEO does not benefit from any special pension plan provided by Gemalto, other than the plan required by law in France.

Employment contract

Olivier Piou was appointed as CEO in 2004. He was reappointed at the 2012 AGM for a four-year term until the 2016 AGM. His employment contract (originally dated 1981) is with Gemalto International SAS, a Gemalto subsidiary: it is not time limited, is governed by French law, and carries a six-month notice period.

If Gemalto terminates Olivier Piou’s employment contract, he is entitled to a severance payment equal to one year of reference salary. This represents the gross salary paid under his employment contract over the 12 months before its termination – including any bonuses, discretionary cash incentives and Board member fees. The severance payment will be in addition to the indemnities and benefits that would be provided under French laws and regulations and the collective bargaining agreement for the Engineers and Management level Employees in the Metallurgical Industry (Convention collective nationale de la Métallurgie – Ingénieurs et Cadres).

Long-term incentive plan awards granted to the CEO

Valuation of the long-term incentive plan awards made to the CEO: overview of awards over which he did not yet have unrestricted control at the start of the year 2013.

Restricted Share Units

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Number</th>
<th>Value at grant date</th>
<th>(Un)conditional</th>
<th>Date of vesting</th>
<th>Value at vesting date</th>
<th>End of lock-up</th>
<th>Value at end of lock-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2009</td>
<td>May vary from 0 to 65,000</td>
<td>€1,689,377²</td>
<td>Conditional</td>
<td>October 2012 Performance vesting condition was met in 2010 so number of RSUs is defined: 65,000</td>
<td>€4,498,000</td>
<td>October 2014</td>
<td>Not applicable</td>
</tr>
<tr>
<td>March 2010</td>
<td>May vary from 0 to 32,500 with a potential maximum multiplier of two</td>
<td>€877,104²</td>
<td>Conditional</td>
<td>March 2013 Performance vesting condition was met in 2011 so number of RSUs is defined: 58,000</td>
<td>€4,043,760</td>
<td>March 2015</td>
<td>Not applicable</td>
</tr>
<tr>
<td>March 2011</td>
<td>May vary from 0 to 150,000</td>
<td>€3,390,133¹</td>
<td>Conditional</td>
<td>Dependent on when various market-related thresholds are reached; in all cases before the 2014 AGM The five vesting conditions were successively met so number of RSUs is defined: 150,000</td>
<td>€7,035,900</td>
<td>Two years from date of shares delivery, and in no event before March 2015</td>
<td>Not applicable</td>
</tr>
<tr>
<td>March 2012</td>
<td>50,000</td>
<td>€1,908,000¹</td>
<td>Conditional</td>
<td>December 2014</td>
<td>Not applicable</td>
<td>January 2017 (if vested)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>May 2013</td>
<td>May vary from 0 to 50,000</td>
<td>€3,050,500¹</td>
<td>Conditional</td>
<td>AGM 2016</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

The above information complies with best practice provision II.2.13 (d) of the Dutch corporate governance code.

¹ For the valuation, the value of the Gemalto share at the opening of the Stock Exchange is used.
² Method used for valuation: Arbitrage portfolio/Asset replication.
³ Method used for valuation: Stochastic Model.
If his employment contract is terminated, Olivier Piou's recognized seniority is dating from 1981 and he is entitled to a six-month notice period, as well as a termination compensation (calculated on the basis of actual years employed) and paid vacations.

The severance payment will not be due if the employment contract is terminated for wilful misconduct (faute lourde under French Supreme Court case law) or by his voluntary resignation. Any option rights granted to the CEO will vest automatically on the decision to terminate his contract and will remain exercisable for the full option term, and all other equity-based schemes will continue to vest after the date of termination. These arrangements do not apply if the contract is terminated for wilful misconduct. The severance payment arrangements are a deviation of provision II.2.8 of the Dutch corporate governance code (see page 61).

There are no agreed arrangements for a CEO's early retirement.

**Loans or guarantees**

Gemalto does not offer the CEO personal loans, guarantees or similar benefits. None were granted in 2013, and none were outstanding at December 31, 2013.

**Remuneration of non-executive Board members**

Remuneration of non-executive Board members is approved by the shareholders and is reviewed periodically by the Compensation committee.

The annual remuneration for non-executive Board members, as amended by the 2013 AGM, is:

- €250,000 for the non-executive Chairman of the Board;
- €70,000 for each other non-executive Board member;
- An additional €30,000 for the chairman of the Audit committee and an additional €16,000 for each member of the Audit committee;
- An additional €15,000 for the chairman of the other Board committees, and an additional €8,000 for the other members of those Board committees.

The remuneration for 2013 is calculated on a pro rata basis as from January 1 until June 30, 2013 on the basis of the “former” remuneration structure, and on a pro rata basis as from July 1, 2013 on the basis of the “new” remuneration structure.

Remuneration of non-executive Board members is fixed and not dependent on Gemalto's financial results. Non-executive Board members are not eligible for variable remuneration and do not participate in any incentive plans.

Gemalto does not offer non-executive Board members personal loans, guarantees or similar benefits. None were granted in 2013, and none were outstanding at December 31, 2013.

None of the non-executive Board members has entered into a management services agreement or similar agreement with Gemalto or any of its subsidiaries which provides for benefits upon termination or resignation of the position as non-executive Board member.

The remuneration of each non-executive Board member for the year 2013 is detailed in the table below and also disclosed in note 9 to the statutory financial statements of the Holding Company.

---

<table>
<thead>
<tr>
<th>Name</th>
<th>2013 total (€)</th>
<th>Board (€)</th>
<th>Audit committee (€)</th>
<th>Nomination and Governance committee (€)</th>
<th>Compensation committee (€)</th>
<th>Strategy and M&amp;A committee (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Mandl</td>
<td>238,717</td>
<td>225,205</td>
<td>–</td>
<td>13,512</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Olivier Piou</td>
<td>35,000</td>
<td>35,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Arthur van der Poel</td>
<td>89,033</td>
<td>67,521</td>
<td>–</td>
<td>8,000</td>
<td>13,512</td>
<td>–</td>
</tr>
<tr>
<td>Buford Alexander</td>
<td>83,521</td>
<td>67,521</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Drina Yue</td>
<td>89,987</td>
<td>67,521</td>
<td>16,000</td>
<td>–</td>
<td>6,466¹</td>
<td>–</td>
</tr>
<tr>
<td>Johannes Fritz</td>
<td>97,033</td>
<td>67,521</td>
<td>16,000</td>
<td>–</td>
<td>–</td>
<td>13,512</td>
</tr>
<tr>
<td>John Ormerod</td>
<td>102,546</td>
<td>67,521</td>
<td>27,025</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td>Michel Soublin</td>
<td>83,521</td>
<td>67,521</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Philippe Alfred</td>
<td>91,521</td>
<td>67,521</td>
<td>16,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td>Yen Yen Tan</td>
<td>81,987</td>
<td>67,521</td>
<td>–</td>
<td>6,466¹</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Homaira Akbari²</td>
<td>47,885</td>
<td>42,055</td>
<td>964</td>
<td>–</td>
<td>–</td>
<td>4,866</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,040,751</strong></td>
<td><strong>842,428</strong></td>
<td><strong>75,989</strong></td>
<td><strong>43,978</strong></td>
<td><strong>35,978</strong></td>
<td><strong>42,378</strong></td>
</tr>
</tbody>
</table>

¹ Joined during the year: amount paid pro rata.
Our governance structure

This section provides a broad outline of Gemalto’s corporate governance structure, its implementation during 2013, and its compliance with the Dutch corporate governance code.

Corporate information and background

Gemalto N.V. (the ‘Company’) is a public limited liability company (Naamloze Vennootschap) under Dutch law. Gemalto is dual-listed on NYSE Euronext Amsterdam (since 2013) and Paris (since 2004). The market of reference is NYSE Euronext Amsterdam. Gemalto N.V. is the parent company of the Gemalto Group (the ‘Group’).

It was originally incorporated in the Netherlands as Axalto Holding N.V., a private company with limited liability, on December 10, 2002. The name change to Gemalto followed the combination with Gemplus International S.A. on June 2, 2006. The Company is headquartered in Amsterdam and its registered office address is Barbara Strozzilaan 382, 1083 HN, Amsterdam, the Netherlands. Its registration number on the Amsterdam trade register is 27.25.50.26.

Gemalto’s corporate governance structure is based on the requirements of Dutch corporate law, the Dutch Act on Financial Supervision and Dutch corporate governance rules. It follows the French Autorité des Marchés Financiers (AMF: French Financial Markets Authority) regulations where applicable, and is complemented by several internal procedures. The Dutch Autoriteit Financiële Markten (AFM: Netherlands Authority for Financial Markets) is the Company’s supervising authority.

Compliance with the Dutch corporate governance code

Gemalto is committed to high standards of corporate governance, as the Board considers that this contributes to the Company’s long-term success and supports sound decision-making. The Board is accountable to the shareholders for Gemalto’s corporate governance structure and for compliance with the Dutch corporate governance code (www.commissiecorporategovernance.nl), which sets out principles and best practices for Dutch listed companies.

The Board agrees with the code’s general approach and the very vast majority of its principles and best practice provisions. In accordance with the code’s “apply or explain” principle, we here below explain the departures from its provisions:

- **Provision II.1.7:** this provision recommends having a complaints-related procedure enabling employees to report alleged irregularities of a general, operational and financial nature to a confidential advisor. Gemalto has established a complaints-related procedure relating only to the reporting of alleged financial irregularities. We depart from the code in exempting alleged irregularities of a general or operational nature from this procedure in order to comply with EU and French data protection rules. They must be reported internally to the relevant manager.

- **Provision II.2.7:** this provision recommends that option conditions shall not be modified during the term of the options. We depart from the code, as in 2006 the vesting conditions of options granted to the CEO, Olivier Piou were amended as follows: If his appointment as CEO is terminated, unless for wilful misconduct, his options rights will vest automatically. They will then remain exercisable for the full term of the option, regardless of any early termination provisions in the Gemalto Equity Incentive Plan and relevant Sub-Plan. All other equity-based schemes will continue to vest even after the date of termination. It is not our policy to amend the conditions attached to executive Board members’ options during the term; in this special case the amendment was adopted by the 2006 Extraordinary General Meeting (‘EGM’) as part of the Axalto-Gemplus combination. It is included in the remuneration policy approved by the shareholders at the 2008 AGM.

- **Provision II.2.8:** this provision recommends that severance payment in the event of dismissal may not exceed one year’s salary, being the fixed compensation component. We depart from the code, as the severance payment for the CEO is one year of reference salary, being fixed and variable compensation, and reflects his accrued seniority with Gemalto. This arrangement was adopted by the 2006 EGM approving the Axalto-Gemplus combination and is included in the remuneration policy approved by the shareholders at the 2008 AGM.

- **Provision II.2.10:** this provision recommends that the Board has the power to adjust the value of conditionally awarded variable compensation where extraordinary circumstances would produce an unfair result. We depart from the code, as the CEO’s employment contract does not specifically include such scope. However, in such a case, the Company would make whatever adjustments were feasible under applicable law.

- **Provision II.2.13 (e):** this provision recommends that we disclose the names of the individual companies in the comparison group used for benchmarking Senior Management remuneration. We depart from the code, as we do not disclose the names. Instead we disclose that they are relevant organizations, primarily continental European high-tech and industrial companies. The surveys are performed by Towers Watson, an internationally recognized firm of independent compensation specialists.

- **Provision III.8.1:** this provision recommends that the Chairman of the Board may not have been an executive Board member. We depart from the code, as our Chairman, Alex Mandl, was executive Chairman of Gemalto from June 2006 to December 2007. However, the Board is concerned to capitalize further on his knowledge and experience within the Group, to the benefit of Gemalto and its stakeholders.
Board of Directors

One-tier Board

The Company has a one-tier Board comprising one executive Board member (the CEO) and ten non-executive Board members. The Board has ultimate responsibility for the management, general affairs, direction and performance of the business as a whole.

This specifically includes:

- Achievement of the Company’s objectives
- Corporate strategy and the risks inherent in the business activities
- Design and effectiveness of the internal risk management and control systems
- Compliance with primary and secondary legislation
- Company-shareholder relationships
- Corporate social responsibility issues relevant to the enterprise
- Financial reporting process.

The Board is accountable to the shareholders. In discharging its role, it is guided by the interests of the Company and its affiliated enterprise, taking into consideration the interests of the Company’s stakeholders.

The CEO is responsible for day-to-day management and can take such decisions without the need for the Board’s approval or consent. In addition, the Board may delegate to the CEO powers that fall outside day-to-day management, so that these do not require a resolution of the Board. The CEO is supported by the Senior Management team. The Board’s tasks and functions, as described in the Articles of Association and Board charter, include the duties recommended in the Dutch corporate governance code. These are published on our website.

Composition

The composition of the Board aims to ensure that its members can act critically and independently of one another and any particular interests. The profile setting out the desired expertise and background of the non-executive Board members was updated by the Board in October 2009 and is published on our website. We seek to achieve diversity of age, gender, expertise, social background and nationality on the Board. Following the appointment of Homaira Akbari at the 2013 AGM, there are currently three women out of 11 Board members. We consider that there is no substantive deviation from the Dutch Bill on Management and Supervision regarding gender diversity.

At least one of the non-executive Board members can be regarded as a financial expert under the code’s best practice III.3.2.

At the 2007 AGM, the maximum number of Board members was set at 11 to allow the Board to determine its optimal size from time to time. The Board currently consists of 11 members: one executive (the CEO) and ten non-executives.

The Chairman – currently Alex Mandl – is appointed by the Board to ensure the proper functioning of the Board and its committees and act as the main contact for shareholders on the functioning of the Board. He presides over Board meetings and General Meetings and is responsible for proper conduct of business at meetings. If the Chairman is absent or indisposed, the committee chairmen will choose a Vice-Chairman from among themselves to take the role temporarily.

The Board is assisted by the Company Secretary, Jean-Pierre Charlet, who was appointed to the role in July 2005. He is also the Group’s General Counsel.

Appointments

Board members are appointed by the shareholders at a General Meeting, under arrangements set out in the Articles of Association. The Board may propose candidates, and such proposals may be binding or not. To date, the Board has never used its option to make a binding nomination. This has allowed the shareholders to appoint nominated candidates by a majority of the votes cast, with no quorum required.

Board members are appointed for a term of maximum four years. Non-executive Board members may be reappointed for two additional terms. After having served two terms or upon reaching the age of 70 at reappointment date, non-executive Board members may be reappointed for additional terms of maximum two years each. The executive Board member has no limit in the number of terms, but is limited by the age of 65. The Board will propose certain amendments to the Articles of Association. If so adopted by the 2014 AGM, length and number of (re)appointments may vary, but the entire service of non-executive Board members may not exceed 12 years. The executive Board member is appointed as the CEO by the non-executive Board members. They can revoke the appointment at any time – in which case they will appoint an acting CEO with the same powers and duties.

Board members can be suspended or dismissed by the shareholders. The executive Board member can also be suspended by the Board. Without a proposal from the Board, the shareholders can suspend or dismiss Board members only by a majority vote at a General Meeting where at least a quarter of the Company’s issued share capital is represented. If this quorum is not met, a second meeting can be called at which no quorum is required. If the Board makes the proposal, no quorum is required.
Other Board appointments
Dutch law applies, meaning that upon (re)appointment, non-executive Board members may not hold more than five supervisory board memberships of Dutch listed or large Dutch companies, whereby a chairmanship of a supervisory board counts double. At Gemalto we have also set a limit of five for the total number of (supervisory) boards worldwide. Any exception to that rule requires pre-approval of the Chairman of the Board.

Non-executive Board members must inform the Chairman, and the Chairman must inform the Chair of the Nomination and Governance committee, if they are nominated for election as director or if there is any change in their status as director on any other board.

In addition to his present position as CEO of Gemalto, the CEO may not hold more than two board memberships at listed companies worldwide or large Dutch companies, and may not chair the board of any such company. The Board must give its approval before the CEO can accept any such board membership, and the Board must be informed about other important positions held by the CEO.

Conflicts of interest
The Board expects its members to act ethically at all times. Board members are bound by the Gemalto code of ethics.

Conflicts of interest, potential or actual, between the Company and members of the Board are governed by the Articles of Association and the Board charter. The Board must approve any decision to enter into a transaction where a Board member has conflicts of interest that are material to the Company or the individual Board member. Any such transaction will be declared in the Annual Report for the relevant year with a declaration that we have complied with best practice provisions II.3.2-4 and III.6.1-3 of the Dutch corporate governance code. If a significant conflict exists and cannot be resolved, the Board member must step down temporarily or resign.

In 2013, no transactions were reported where a Board member had a conflict of interest that was material to the Company. There were, however, related-party transactions: for an overview, please see note 31 of the consolidated financial statements.

Indemnification of Board members
To the extent permitted by Dutch law, the Company indemnifies Board members against expenses such as the reasonable costs of defending claims: article 19 of the Articles of Association gives the details. There is no entitlement to reimbursement under certain circumstances, for example where a Board member has been held liable for gross negligence or wilful misconduct. Gemalto carries liability insurance for Board members and corporate officers.

Board committees
The Board has four committees comprising non-executive Board members: Audit, Compensation, Nomination and Governance, and Strategy and M&A. They do not have executive powers and are subject to the Board’s overall responsibility. Their main role is to provide focused analysis and insight in their respective areas, reporting on their deliberations and making recommendations to meetings of the full Board. The duties of each committee are described in their respective charters.

Audit committee
It currently consists of five non-executive Board members. It helps the Board to oversee the quality and integrity of Gemalto’s financial statements, risk management and internal control arrangements, compliance with legal and regulatory requirements, external audit arrangements and internal audit function. It meets with the external auditor as often as necessary, and at least once a year without the CEO and management being present. The Board believes that at least one committee member is a financial expert within the meaning of best practice III.3.2 of the Dutch corporate governance code.

Compensation committee
It currently consists of four non-executive Board members. It proposes the remuneration policy, setting the parameters for the CEO’s remuneration, for approval by the General Meeting. Within the limits of this policy, it proposes the remuneration for the CEO (reviewed annually). It also proposes the individual remuneration for the non-executive Board members (reviewed from time to time) for approval by the General Meeting.

More broadly, the committee oversees Gemalto’s general remuneration policy and long-term awards such as options to acquire shares, restricted share units and/or share appreciation rights, and opportunities for employees to buy Company shares at a discount to the market price.

Nomination and Governance committee
It currently consists of five non-executive Board members. It advises on identifying and nominating candidate Board members that meet the Board’s criteria; preparing the selection criteria and procedures for Board appointments; and advising on the appointment and resignation of managers reporting directly to the CEO. It also guides the Board through the annual evaluation process, reviews the corporate governance principles affecting Gemalto, and advises the Board on any relevant changes to these principles.

Strategy and M&A committee
It currently consists of five non-executive Board members. It advises the Board on Gemalto’s strategy and on the major features of its merger, acquisition and divestment activity.

Risk management and internal control systems
Gemalto maintains operational and financial risk management systems backed by systems and procedures for monitoring and reporting. A separate internal control function ensures compliance with our internal control requirements. Our risk management and
Our governance structure continued

Internal control systems are explained in detail on pages 38–45, and the Board’s statement on internal risk management and control systems is shown on page 67.

We are committed to individual and corporate integrity. Our internal procedures include a code of ethics describing the appropriate conduct for officers and employees, covering internal controls, financial disclosures, accountability, business practices and legal principles. We have distributed it across the Company and support it with regular training.

Our complaints procedure enables employees to report alleged financial irregularities within the Company to a confidential advisor – Gemalto’s General Counsel. The Gemalto Speak Up line ensures that they can report alleged irregularities without jeopardizing their legal position. Alleged irregularities of a general or operational nature should be reported internally to the relevant manager.

In 2013 we appointed a Director of Global Data Privacy whose role is to establish and maintain institutional knowledge of laws and requirements, provide training to ensure compliance, advise and implement policies and practices, promote privacy protection in all our activities, and focus on privacy risks prevention.

Board members and employees must comply with the rules of the Gemalto insider trading policy. This prohibits them from trading in Gemalto securities, or other securities, on which they have inside information. In addition, Board members and other designated employees are prohibited from trading in Gemalto securities during closed periods. The Central Officer may also rule that they may not trade in Gemalto or other securities outside closed periods. Transactions in Gemalto securities by Board members and certain members of the Senior Management team are notified to the Autoriteit Financiële Markten (AFM: Netherlands Authority for Financial Markets) in accordance with Dutch law.

These policies are published on our website.

**Shares owned and rights to acquire shares**
Board members hold Gemalto shares for long-term investment. They must comply with the rules on owning and trading in Gemalto securities in the insider trading policy.

**Shares or other financial instruments in listed companies other than Gemalto N.V.**
Board members must comply with regulations on owning and trading in securities of listed companies other than Gemalto N.V. in the insider trading policy.

**Shareholders and General Meetings**

**Share capital and shares of the Company**
The Company’s authorized share capital of €150,000,000 is divided into 150,000,000 ordinary shares with a nominal value of €1 each. As at December 31, 2013, the Company’s issued and paid-up share capital amounted to €88,015,844. This consisted of 88,015,844 ordinary shares, of which 1,743,212 were held in treasury and 86,272,632 were in circulation. During 2013 there were no changes in the Company’s issued share capital.

Shareholders have the power to issue shares and may authorize the Board, for a period of up to five years, to issue shares and to determine the terms and conditions of share issuances. Shareholders have a pre-emption right to subscribe for any newly issued shares in proportion to the nominal value of the shares they hold, unless this right is modified by a shareholder vote as described below. This does not apply to shares issued for considerations other than cash or to shares issued to Company or Group companies’ employees.

| Shares or other financial instruments in Gemalto N.V. held by Board members as at December 31, 2013 |
|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Name                                             | Shares                                           | Maximum (unvested) Restricted Share Units | Employee options | Units in a Fonds Commun de Placement d’Entreprise |
| Alex Mandl                                       | 80,000\(^1\)                                    |                                                | 150,000\(^1\)      | 4,243.81\(^1\) |
| Olivier Piou                                    | 273,000\(^2\)                                   | 100,000\(^1\)                                |                                                |                                                |
| Michel Soublin                                   | 1,500\(^2\)                                     |                                                |                                                |                                                |

1. Through a company controlled by him.
4. Progressively purchased through participating in Global Employee Share Purchase Plans.
Shareholders have the power to limit or exclude pre-emption rights in connection with new issues of shares. They can also authorize the Board, for a period of up to five years, to limit or exclude pre-emption rights.

The 2012 AGM gave the Board authorization, renewed by the 2013 AGM, to repurchase Company shares. This allowed us to buy shares in 2013 to provide liquidity, to grant shares to employees and to fund external growth. At December 31, 2013, 1,743,212 shares with a market value of €139,474,392 were held in treasury, acquired at an average price of €50.47 per share. Shares held in treasury carry no voting rights.

The Company has only issued ordinary shares, all of the same category and all in registered form. No certificates representing shares have been issued. Shares are dual-listed on NYSE Euronext Amsterdam and on NYSE Euronext Paris. The market of reference is NYSE Euronext Amsterdam. Company shares can be held in two ways:

- Listed in the shareholder’s own name in the shareholder register.
- Held in an account in a bank, a financial institution, an account holder or an intermediary. These shares are included in the shareholder register in the name of Euroclear France S.A.

2013 AGM

The AGM was held on May 23, 2013. No shareholders exercised their right to add items to the AGM agenda.

At the meeting, the following items were dealt with as individual agenda items:

- 2012 Annual Report.
- Adoption of the 2012 financial statements.
- Dividend policy and proposed cash dividend of €0.34 per share for 2012.
- Discharge of the CEO and non-executive Board members for the fulfilment of their respective duties during 2012.
- (Re)appointment of three non-executive Board members.
- Amendment of the remuneration structure for non-executive Board members.
- Amendment of the Articles of Association of the Company.
- Renewal of the Board’s authorization to repurchase Company shares.
- Extension of the Board’s authorization to issue shares and to grant rights to acquire shares in the share capital of the Company and to limit or exclude pre-emption rights.
- Reappointment of the external auditor for 2013.

All resolutions were adopted, except for the following ones:

- Amendment of the Articles of Association of the Company.
- Extension of the Board’s authorization to issue shares and to grant rights to acquire shares in the share capital of the Company and to limit or exclude pre-emption rights.

The minutes of the meeting are available on our website.

Voting rights

Shareholders holding Company’s shares on the record date, which under Dutch law is 28 days before the General Meeting, are entitled to attend and vote at that General Meeting. Shares are not blocked between the record date and the date of the meeting. All shares carry equal voting rights at the meeting. Votes may be cast directly; alternatively, proxies or voting instructions may be issued to an independent third-party before the meeting.

Authorizations granted to the Board

The Board has the following authorizations, granted by the General Meeting:

- To issue shares or grant rights to acquire shares in the Company, and to limit or exclude shareholders’ pre-emption rights. This authorization runs for five years up to and including March 17, 2014 and covers all shares that can be issued within the authorized share capital as set out in the Articles of Association. At December 31, 2013, out of the authorized 150,000,000 shares, 61,984,156 remained unissued.
- To acquire up to 10% of the issued Company shares, within the limits of the Articles of Association and within a set price range, up to and including November 22, 2014. On December 31, 2013 the Company’s issued share capital consisted of 88,015,844 shares, of which 1,743,212 were held in treasury: on that basis the authorization covered up to 7,058,372 shares.
- To cancel up to 9,101,584 shares, in one or more tranches, as the Board sees fit.

Distribution of profits

Our dividend policy was addressed as a separate agenda item for the first time at the 2005 AGM. It states that the amount of dividends to be paid by the Company to its shareholders shall be determined by taking into consideration the Company’s capital requirements, return on capital, current and future rates of return and market practices, notably in its business sector, as regards the distribution of dividends. In 2013 we paid a cash dividend of €0.34 per share for 2012.

The Board has authority to take all or part of each year’s profits into the Company’s reserves. The General Meeting has authority to vote on how the remaining profit should be allocated. The Articles of Association provide detailed information on the distribution of profits or reserves.
Our governance structure continued

### Shareholders’ disclosures published on the AFM website as at December 31, 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Shareholder</th>
<th>Voting Rights as a %</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 4, 2013</td>
<td>Amundi</td>
<td>3.05% capital interest and voting rights</td>
</tr>
<tr>
<td>August 8, 2013</td>
<td>Capital Group International Inc.</td>
<td>14.97% voting rights</td>
</tr>
<tr>
<td>August 8, 2013</td>
<td>Capital Research and Management Company</td>
<td>14.97% voting rights</td>
</tr>
<tr>
<td>July 12, 2013</td>
<td>BPI Groupe</td>
<td>8.51% capital interest and voting rights</td>
</tr>
<tr>
<td>July 1, 2013</td>
<td>J.M. Quandt née Bruhn</td>
<td>3.02% capital interest and voting rights</td>
</tr>
<tr>
<td>July 1, 2013</td>
<td>S.H.U. Klatten née Quandt</td>
<td>3.24% capital interest and voting rights</td>
</tr>
<tr>
<td>July 1, 2013</td>
<td>S.N. Quandt</td>
<td>4.23% capital interest and voting rights</td>
</tr>
<tr>
<td>April 8, 2013</td>
<td>EuroPacific Growth Fund</td>
<td>5.16% capital interest</td>
</tr>
<tr>
<td>August 13, 2012</td>
<td>FMR LLC</td>
<td>4.77% capital interest and 4.48% voting rights</td>
</tr>
<tr>
<td>June 16, 2010</td>
<td>Pioneer Asset Management S.A.</td>
<td>4.86% capital interest and voting rights</td>
</tr>
</tbody>
</table>

Note that the table may not reflect the actual shareholding as per December 31, 2013 due to the following:
- Once a shareholder has disclosed a substantial shareholding to the AFM, additional disclosures are only required in case of exceeding or falling below a threshold.
- Shareholders who disclosed a substantial shareholding to the AFM above 3% and below 5% prior to July 1, 2013 and (i) held less than 3% on July 1, 2013, or (ii) held between 3% and 5% after July 1, 2013, were not required to make an additional disclosure to the AFM.

### Shareholders’ disclosures

Shareholders may have disclosure obligations under Dutch law. These apply to any person or entity that acquires, holds or disposes of an interest in Gemalto’s voting rights and/or capital. Disclosure is required when the percentage of voting rights or capital interest reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% or 95% (whether because of an acquisition or disposal of shares or other instruments, or because of a change in the total voting rights or capital issued). Disclosures must be made to the AFM immediately. Under new Dutch law, which entered into force on July 1, 2013, the 5% threshold was reduced to 3%. The table above lists the substantial shareholdings in Gemalto N.V. on record in the AFM register on December 31, 2013, published on the AFM website at [www.afm.nl](http://www.afm.nl).

### Specific provisions of the Articles of Association

#### Required majorities and quora

Unless otherwise required by Dutch law or the Articles of Association, resolutions can be adopted by a majority of votes cast at a General Meeting where at least one-tenth of the issued share capital is represented. In the absence of this quorum a second meeting can be held, where no quorum is required. General Meetings must be held in Amsterdam, The Hague, Haarlemmermeer (Schiphol Airport), Utrecht or Rotterdam.

#### Amendment of the Articles of Association, liquidation or (de)merger

The General Meeting has the authority to approve Board proposals to amend the Articles of Association, dissolve the Company, merge or demerge it. Such proposals must win at least two-thirds of the votes cast at a General Meeting where at least a third of the issued share capital is represented. In the absence of this quorum, a second meeting can be held at which no quorum is required.

#### Appointment of the external auditor

The Audit committee and Board review the functioning of the external auditor annually. The 2013 AGM approved a Board proposal to appoint PricewaterhouseCoopers Accountants N.V. as the external auditor for 2013.

#### Specific information in relation to Dutch Decree on Article 10 of the EU Takeover Directive

Two sections of this Annual Report – ‘Board of Directors’ on pages 62–64 and ‘Shareholders and General Meetings’ on pages 64–66 – include the disclosures specified by the Dutch Decree on Article 10 of the European Union Takeover Directive. In addition, we offer the following information:

- **Gemalto Equity Incentive Plan – awards granted to employees**
  
  Awards granted to Gemalto Group employees vest automatically if the Company and/or its affiliates undergoes a change of control or is absorbed by merger and liquidated, provided the Board adopts no resolutions to the contrary. However, they will not vest automatically if they are maintained in effect by the Company or a successor corporation, or replaced by a plan giving the employee substantially equivalent rights.

- **Gemalto Employee Share Purchase Plans – FCPE: system of control**
  
  In 2013, like in previous years, Gemalto employees were offered the opportunity to buy Gemalto shares at a 15% discount to the market price. Employees of our French subsidiaries can participate in this plan through a [Fonds Commun de Placement d’Entreprise](http://www.fcpe.com) (FCPE) which offers tax benefits against long-term holding. The FCPE buys the Gemalto shares and in exchange employees receive units of the FCPE. Participation in the FCPE does not give rise to direct ownership of Gemalto shares or the right to acquire them. The FCPE has an independent board of directors and owned 162,558 shares of Gemalto on December 31, 2013. It exercises its voting rights on these shares independently, without instructions from participating employees.
Board statements

The objectives of our internal risk management process are to identify the significant financial, operational, social, regulatory, legal and environmental risks that the Company may face; to map these risks; and to initiate actions that mitigate, reduce, transfer, hedge, keep and manage, or suppress them. The Company’s risk profile is reported in ‘Principal risks’ on pages 44–45 with a description of principal risks, their most significant impact and the main mitigation actions. Our internal risk management and control systems are described on pages 38–43.

We operate in a dynamic environment and there may be circumstances in which previously unidentified risks arise or the impact of identified risks is greater than expected. While our internal controls are designed to manage these risks within acceptable limits, they may not always prevent or detect all misstatements, inaccuracies, errors, fraud or non-compliance with law and regulations. Nor can they provide certainty that we will achieve our objectives.

The Board is responsible for reviewing our internal risk management and controls and assessing their effectiveness. Its Audit committee has worked with management and internal audit to review the relevant processes, focusing on matters relating to financial reporting as well as the main operational, social, regulatory, legal and environmental risks that have been identified. It has also reviewed the results of management actions aimed at improving the way we organize our internal risk management and control processes. The Board has discussed the committee’s findings.


In conjunction with the EU Transparency Directive, as incorporated in chapter 5.1 A of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the Board declares that, to the best of its knowledge:

• The annual financial statements for the year ended December 31, 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of Gemalto and its consolidated companies.

• The annual management report gives a true and fair view of the position as per the balance sheet date and the state of affairs during the 2013 financial year of Gemalto and its affiliated companies of which the data has been included in the consolidated financial statements.

• The annual management report describes the principal risks that Gemalto faces.

In control statement (Dutch corporate governance code)

For the purpose of complying with provision II.1.5 of the Dutch corporate governance code on the risks relating to financial reporting, the Board believes that, to the best of its knowledge:

• Gemalto’s internal risk management and control organization provides reasonable assurance that its financial reporting does not contain any error of material importance.

• Gemalto’s internal risk management and control processes in relation to financial reporting have worked properly in 2013.

Alex Mandl
Non-executive Chairman of the Board

Arthuwr van der Poel
Non-executive Board member

Homaira Akbari
Non-executive Board member

Michel Soublin
Non-executive Board member

Olivier Piou
Executive Board member and Chief Executive Officer

Buford Alexander
Non-executive Board member

Johannes Fritz
Non-executive Board member

Philippe Alfroid
Non-executive Board member

Drina Yue
Non-executive Board member

John Ormerod
Non-executive Board member

Yen Yen Tan
Non-executive Board member

Amsterdam, March 4, 2014