Trust. Every day

Mobilizing ID in Norway

How do you encourage people to use a service? Make it more convenient. Almost a million Norwegians use the country’s BankID system to access banking services and sign transactions online. In 2014 Bank-ID adopted our Valimo mobile ID solution to make these services available on the go, across all mobile networks and phone types. Result: with the introduction of a mobile option, transactions per user have doubled.
Gemalto has a one-tier Board, which has ultimate responsibility for the management, general affairs, direction and performance of the business as a whole.

**Our Board**

**Chairman of the Board**

Alex Mandl 1943 American

Non-executive, independent

Initial appointment: 2006
Current term: 2011-2015 (second term)

Other current appointments: member of the Board of Directors of Arise Virtual Solutions Inc. and of Genpact Limited, as well as Board member of Accretive Health and of Levant Power Corporation.

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 (1991-1994) with responsibility for long distance, wireless, local communications and internet services. He was also Chairman and CEO of Sea-Land Services, Inc. (1987-1991).

John Ormerod 1949 British

Non-executive, independent

Initial appointment: 2006
Current term: 2011-2015 (third term)

Other current appointments: non-executive Director of First Names Group Ltd.; non-executive Director of Constellium N.V.; and non-executive Director of ITV plc; non-executive Director of Computacenter plc; and non-executive Director of Misys 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 Constellium N.V.; and non-executive Director of First Names Group Ltd. 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 Constellium N.V.; and non-executive Director of First Names Group Ltd.

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 eTransactions subsidiary involving smart cards, POS terminals, service station equipment and parking divisions (1983-1998); Director of Business Information Systems (1998-1999); Group Treasurer (2001-2005); and Financial Advisor (2005-2007).

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 Alcatel-Lucent SA.

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 since 2000 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 postgraduate qualification from NYU Stern School of Business.

Experience: Johannes Fritz was a Director of Gemplus (2002-2006). With significant experience in finance and management in Paris, New York and Moscow within Schlumberger, of which Axalto was formerly a division. He was CEO of its eTransactions subsidiary involving smart cards, POS terminals, service station equipment and parking divisions (1998-2004); Director of Business Information Systems (1998-1999); Group Treasurer (2001-2005); and Financial Advisor (2005-2007).

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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; non-executive Chair of the Board of Directors of Dauria Aerospace; and non-executive board member of Cosisoft (NASDAQ: COVIS).  
Experience: Homaira Akbari has extensive experience and deep domain knowledge in mobile, software and security spaces. She is currently President and CEO of Aknowledge Partners, LLC, an international advisory firm providing services to leading private equity funds and large corporations. From 2007 to 2012 she was the President, Chief Executive Officer and a Director of SkyBitz, Inc. She has held executive and senior managerial roles in Microsoft (NASDAQ: MSFT), Thales, SA (Euronext: THA), and TruePosition, a wholly-owned subsidiary of Liberty Media Corporation (NASDAQ: LMCA). She holds a PhD in particle physics from Johns Hopkins University Physics and Astronomy.  

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 the Amsterdam Institute of Finance; member of the Board of Clarien Bank Limited (Bermuda); President Emeritus of the American Chamber of Commerce in the Netherlands; and member of the Fullbright Commission in the Netherlands.  
Experience: Buford Alexander is a Director Emeritus of McKinsey & Company where he pursued a notable 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 Orange-Nassau. Amsterdam has served as his European base since 1983.  

Yen Yen Tan 1965 Singaporean  Non-executive, independent  
Initial appointment: 2012  
Current term: 2012-2016 (first term)  
Other current appointments: Regional Vice-President and Managing Director, Asia Pacific (South), SAS Institute; 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; Advisory Board member, 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 Senior Vice-President, Applications, Oracle Corporation Asia Pacific (2010-2014); Vice-President and Managing Director for Hewlett-Packard (HP) Singapore (2005-2008); and previously various senior management positions with HP including sales, channels and marketing across the Asia Pacific region (1999-2005). She was also Chairman of the Singapore Infocomm Technology Federation (2009-2011), Board member of Infocomm Development Authority (2009-2011), and Deputy Chairperson of the Internet and Media Advisory Committee of Singapore’s Ministry of Information, Communications and the Arts (2009-2011).  

Arthur van der Poel 1948 Dutch  Non-executive, independent  
Initial appointment: 2004  
Current term: 2013-2017 (third term)  
Other current appointments: Chairman of the supervisory Board of ASML Holding NV and Chairman of the supervisory Board of BDR-Thermae Group BV.  
Experience: Arthur van der Poel has a lifetime’s experience in the electronics and telecoms sectors. He was a member of the supervisory Board of Royal HaskoningDHV BV (2011-2014). Previously he was Chairman of MEDEA+, the pan-European program for cooperative R&D in microelectronics (2004-2007); and a member of the Board of Management of Royal Philips Electronics (1999-2003). Before that he served with Philips Semiconductors where he held different marketing and management positions (1984-1999), culminating as Chairman and CEO (1996-2003).  

Philippe Alfroid 1945 French  Non-executive, independent  
Initial appointment: 2012  
Current term: 2013-2016 (first term)  
Other current appointments: Brambles Asia Advisory Board; The Hong Kong Transport Dept of the Personalized Vehicle Registration Marks Vetting Committee; Unsolicited Electronic Messages (Enforcement Notices) Appeal Board of Hong Kong.  
Experience: Drina Yue has a wealth of experience in the finance and telecommunications industry. She recently retired as the Senior Vice-President and Managing Director of Western Union, responsible for the Asia Pacific region of 43 countries/territories (2010-2014). Prior to that she was Head of Motorola’s Asia Pacific Broadband Communications, Home & Network Mobility business (2004-2010); and CEO of SiteitAsia, 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 eight 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).
Our Senior Management

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 Gemalto 2014-2017 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 2004. In this role he leads Gemalto’s global marketing activities, focusing on business development and the client 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 Grotius 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 Axaltis’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 from the Ecole Superieure de Commerce d’Amiens (Master in Management) 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 Géulio 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.

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 Sanofii-Synthelabo (1999-2002) and General Counsel of Synthelabo (1996-1999). 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.

Philippe Vallée 1964  French

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.
Chairman’s letter

Over the years we have made it a priority to focus on continuous improvement of the Board’s governance effectiveness and capabilities. We have done so by paying particular attention to:

- Having individuals who bring deep understanding of global and cultural realities as well as exposure to rigorous Board governance practices, and who represent a well-balanced gender mix.
- Having the right mix of experience and skills, including Senior Management and operational skills, financial and strategic expertise, and a good grasp of relevant technologies and markets.
- Never losing sight of the quickly evolving competitive landscape, in the context of realistically assessing risks and opportunities.
- Having an annual self-evaluation assessment to ensure our key governance objectives are indeed on the right course.
- Regularly reviewing Senior Management succession and development plans, to ensure that our leadership capabilities continue to grow in line with expanding market opportunities.

While we have certainly made noteworthy progress on all these fronts, continuous improvement will always remain part of our ongoing agenda.

In 2014, the Board spent considerable time with the Senior Management team examining the potential acquisition of SafeNet. By taking into account the strategy of the Company, looking at the financing requirements and ensuring due diligence, we were able to seize an outstanding opportunity.

For the year ahead, the following themes will require particular Board attention:

- Last year Gemalto’s management team began implementing the new Long Range Plan. Sustaining effective implementation will require thoughtful oversight.
- The pace of evolution in the marketplace, and in our competitive landscape, is clearly continuing to accelerate. We will need to be vigilant in monitoring risks, assessing them as they emerge to determine their true significance, and ensuring the right actions are taken to mitigate our exposure.
- New acquisitions will further challenge the Board’s grasp of fully understanding newly evolving technologies. We will need to keep developing our skillsets to address this.
- As the complexity of our business continues to develop, communicating effectively with our owners will become even more vital.

Alex Mandl
Chairman
Our Board during 2014

The Board’s focus during the year
The Board held nine meetings: four in person and five by conference call. The overall attendance rate at Board meetings during 2014 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 2015.
- 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, including the acquisition of SafeNet, as well as the competitive environment.
- Financing requirements for the Group, including a Luxembourg listed bond prospectus and increase of bilateral committed revolving credit lines.
- 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, as of January 1, 2014.
- 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.
- Share buy-back and dividend policy.
- Succession planning for the CEO and Senior Management, and related management development.

Independence
As of December 31, 2014, 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 Board during 2014

How the Board is performing
In 2014 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 training and induction program
During 2014 the Board members participated in the annual training program on Gemalto’s products and services. They received a separate training on fraud-related subjects. In the second half of 2014 the Board visited a Gemalto site in Asia.

Board reappointment schedule
The Board adopted a reappointment schedule, which is published on our website. The table above lists the members of the Board and their terms in office. A term is a maximum of four years. As adopted by the 2014 AGM, the length and number of (re)appointments may vary, but the entire service of non-executive Board members may not exceed 12 years. 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 a maximum of two years each. There is no limit to the entire service of the executive Board member, except the age of 65, unless otherwise agreed with the Board.

Our Board during 2014

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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 and the COO, 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, Compliance, Governance and Central Officer, 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 and on the adequacy of judgmental-based assumptions and sensitivity analysis used in valuations of assets and liabilities.

In particular, during 2014 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 and the recognition of deferred tax assets; the capitalization of development expenditure; accounting for pensions and other post-retirement benefits; impairment testing of intangible assets; provisions for credit risk; accounting for share based compensation expense; and the overall presentation of the financial statements.

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

- Following the acquisition of three businesses during the year, and considering the announcement of the acquisition of SafeNet, the committee was presented with a summary of the main accounting impacts derived from business combination accounting, focusing on both the allocation of the purchase price between intangible assets and goodwill and the consideration transferred.

- The Group completed certain transactions during the year which were outside the normal course of business. The committee carefully reviewed these one-off transactions to ensure that the judgments applied by management were reasonable. The topics discussed this year covered financing requirements and judgment applied by management when classifying some costs under the line item “restructuring and acquisition-related expenses”.

- Financing requirements for the Group, including a prospectus for the issuance of €400 million 2½% bonds, listed on the Luxembourg stock exchange and increase of bilateral committed revolving credit lines without financial covenants to €585 million, together with the extension of their maturities, some of them up to seven years.

- 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, including the impact of foreign currency fluctuations, 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.

- Dedicated reports on the Group’s compliance with ethical, anti-bribery and anti-corruption policies, on the assessment and mitigation of country risks for the largest countries in which the Group operates, and on health and safety issues in the Group.

- Reports on whistleblowing, 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. The committee has been presented with the external auditor’s audit approach and scope of work for the year, as well as with the related fee proposal. Discussions were very open and constructive.

- 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 the reappointment of PricewaterhouseCoopers.
In light of amended Dutch accountancy legislation, which prescribes a mandatory rotation of audit firms, a tender process was initiated in 2014 for the search of a new external auditor for the financial year 2016 to be proposed at the 2015 AGM. Four firms were approached to tender for the audit in November 2014, out of which two were selected for an oral presentation in front of the full committee. Based on the overall performance of the two short-listed audit firms, the committee has recommended to the Board to nominate KPMG, which recommendation was endorsed by the Board. As a result of the tender, PricewaterhouseCoopers’ last appointment will be to perform the statutory audit for the 2015 financial year, following which KPMG will become Gemalto’s statutory auditor for the 2016 financial year, subject to approval by the 2015 AGM.

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 Mr. Philippe Alfroid, non-executive Board member who stood for reappointment at the 2014 AGM. As Michel Soublin opted not to seek reappointment when his mandate expires at the close of the 2015 AGM, because of his other obligations, the committee dedicated considerable time to the search of a new non-executive Board member. A thorough selection process supported by a leading executive search firm took place. Interviews and introduction meetings were held with the committee members and other Board members, including the Chairman and CEO. The new candidate will be proposed for appointment as non-executive Board member at the 2015 AGM.

Following the rejection of certain proposed resolutions at the 2013 AGM, the committee analyzed the outcome and proposed revised resolutions to the 2014 AGM, which were all adopted.

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.
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 2014.

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 59.

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.

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.

The composition of the comparison group is listed below.

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To ensure appropriate comparisons the Compensation committee consults independent, internationally recognized compensation consultants 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 10 to the statutory financial statements of the Holding Company.
Remuneration report continued

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.
As of March 4, 2014, the CEO’s salary is €850,000 and 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. It will not be changed in 2015.

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 2014, 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 2015 will be along the same lines as for 2014. The personal targets include customer satisfaction and employee satisfaction.
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 2014 led to a result of 71% for the CEO variable incentive. The variable incentive for the CEO is €714,687, i.e. 85% 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 2014 the CEO received 75,000 RSUs. Depending on performance, the number of RSUs granted may vary, with a sliding scale from 0 to 75,000 RSUs. The RSUs will vest only if the following conditions are met:
• Performance vesting conditions:
  – reaching the 2017 PFO target;
  – reaching a certain cumulative PFO over the period 2014-2017;
  – reaching a certain cumulative EPS over the period 2014-2017;
  – reaching the 2017 Platforms & Services Revenue target.
Full vesting by meeting 100% of the above conditions; partial vesting by meeting one or more of the above objectives.
• Service vesting condition: being an employee of Gemalto on December 31, 2017.
The grant is accounted for an equity-based compensation at a charge that may vary from €0 to €5,700,750, which will be expensed over 44 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 49 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 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 2014 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 participated in the GESPP in 2014.

For 2014 the CEO’s pension contribution costs to the mandatory pension plan in France amounted to €73,552. 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 have unrestricted control at the start of 2014.

Restricted Share Units

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Number</th>
<th>Value at grant date (Un)conditional</th>
<th>Date of vesting</th>
<th>Value at vesting date¹</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</td>
<td>Performance vesting condition was met in 2010 so number of RSUs is defined: 65,000</td>
<td>€4,498,000</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</td>
<td>Performance vesting condition was met in 2011 so number of RSUs is defined: 58,000</td>
<td>€4,043,760</td>
</tr>
<tr>
<td>March 2011</td>
<td>May vary from 0 to 150,000</td>
<td>€3,390,133³</td>
<td>Conditional</td>
<td>Dependent on when various market-related thresholds are reached; in all cases before the 2014 AGM</td>
<td>The five vesting conditions were successively met so number of RSUs is defined: 150,000</td>
<td>€7,035,900</td>
</tr>
<tr>
<td>March 2012</td>
<td>50,000</td>
<td>€1,908,000²</td>
<td>Conditional</td>
<td>December 2014</td>
<td>Performance vesting condition was met in 2013 so number of RSUs is defined: 50,000</td>
<td>€3,395,000</td>
</tr>
<tr>
<td>May 2013</td>
<td>May vary from 0 to 50,000</td>
<td>€3,050,500³</td>
<td>Conditional</td>
<td>AGM 2016</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>March 2014</td>
<td>May vary from 0 to 75,000</td>
<td>€5,700,750³</td>
<td>Conditional</td>
<td>AGM 2018</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.
Remuneration report continued

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 willful 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 willful misconduct. The severance payment arrangements are a deviation of provision II.2.8 of the Dutch corporate governance code (see page 59).

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 2014, and none were outstanding at December 31, 2014.

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 each other Board committee, and an additional €9,000 for the other members of those Board committees.

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 2014, and none were outstanding at December 31, 2014.

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 2014 is detailed in the table below and also disclosed in Note 10 to the statutory financial statements of the Holding Company.

This table includes the 2014 remuneration of Board members in office on December 31, 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>2014 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>265,000</td>
<td>250,000</td>
<td>–</td>
<td>15,000</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>Homaira Akbari</td>
<td>94,000</td>
<td>70,000</td>
<td>16,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td>Buford Alexander</td>
<td>86,000</td>
<td>70,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Philippe Alford</td>
<td>94,000</td>
<td>70,000</td>
<td>16,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td>Johannes Fritz</td>
<td>101,000</td>
<td>70,000</td>
<td>16,000</td>
<td>–</td>
<td>–</td>
<td>15,000</td>
</tr>
<tr>
<td>John Ormerod</td>
<td>108,000</td>
<td>70,000</td>
<td>30,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td>Michel Soublin</td>
<td>86,000</td>
<td>70,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Yen Yen Tan</td>
<td>86,000</td>
<td>70,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
<td>8,000</td>
</tr>
<tr>
<td>Arthur van der Poel</td>
<td>93,000</td>
<td>70,000</td>
<td>–</td>
<td>8,000</td>
<td>15,000</td>
<td>–</td>
</tr>
<tr>
<td>Drina Yue</td>
<td>94,000</td>
<td>70,000</td>
<td>16,000</td>
<td>–</td>
<td>8,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,142,000</strong></td>
<td><strong>915,000</strong></td>
<td><strong>94,000</strong></td>
<td><strong>47,000</strong></td>
<td><strong>39,000</strong></td>
<td><strong>47,000</strong></td>
</tr>
</tbody>
</table>
Our governance structure

This section provides a broad outline of Gemalto’s corporate governance structure, its implementation during 2014 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 Euronext Amsterdam (since 2013) and Paris (since 2004). The market of reference is 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 Strouzzaan 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. The Dutch Autoriteit Financiële Markten (AFM: Netherlands Authority for Financial Markets) is the Company’s supervising authority. It follows the French Autorité des Marchés Financiers (AMF: French Financial Markets Authority) regulations where applicable, and is complemented by several internal procedures.

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. As data protection rules have evolved in 2014, notably in France, Gemalto will reconsider the scope of its complaints-related procedure.

- **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 a right to adjust variable compensation in extraordinary circumstances. However, in such a case, the Company would make whatever adjustments were feasible under applicable law.

- **Provision III.3.5:** this provision recommends that non-executive Board members are appointed to the Board for a maximum of three four-year terms. We depart from the code as the length and number of reappointments may vary, but the entire service of non-executive Board members may not exceed 12 years, as adopted by the 2014 AGM.

- **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.
Our governance structure

Board of Directors

One-tier Board

The Company has a statutory 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. 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 the 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.

A term is a maximum of four years. As adopted by the 2014 AGM, the length and number of (re)appointments may vary, but the entire service of non-executive Board members may not exceed 12 years. 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 a maximum of two years each. There is no limit to the entire service of the executive Board member, except the age of 65, unless otherwise agreed with the Board. 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.
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 acceptance by the CEO of a board membership of a listed company requires the approval of the Board. Other important positions held by the CEO shall be notified to the Board. Each Non-executive Board member needs to receive prior approval from the Chairman of the Nomination and Governance Committee before accepting any new corporate board mandates. Board members are required to inform the Chairman of the Nomination and Governance Committee of any change in their existing status as director on any other board.

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. Following the Gemalto Board Charter, a Board member must step down temporarily or resign if a significant conflict exists and cannot be resolved. A Board member shall not take part in the assessment by the Board of a potential conflict of interest involving that Director and shall furthermore not take part in any decision-making process (beraadslaging en besluitvorming) that involves a subject or a transaction in relation to which he has a direct or indirect personal conflict of interest which conflicts with the interest of the Company. In 2014 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 30 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 willful 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 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 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.

Nomination and Governance committee
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 advises the Board on Gemalto’s strategy and on the major features of its merger, acquisition and divestment activities.

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 internal control systems are explained in detail on pages 36-43, and the Board’s statement on internal risk management and control systems is shown on page 65.

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 governance structure continued

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.

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 (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 who hold Gemalto shares, hold them 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, 2014, the Company’s issued and paid-up share capital amounted to €88,015,844. This consisted of 88,015,844 ordinary shares, of which 1,202,927 were held in treasury and 86,812,917 were in circulation.

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.

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 2013 AGM gave the Board authorization, renewed by the 2014 AGM, to repurchase Company shares. This allowed us to buy shares in 2014 to provide liquidity, to grant shares to employees and to fund external growth. At December 31, 2014, 1,202,927 shares with a market value of €81,714,831 were held in treasury, acquired at an average price of €46.13 per share. Shares held in treasury carry no voting rights.

Shares or other financial instruments in Gemalto N.V. held by Board members as at December 31, 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares</th>
<th>American Depository Receipts of Shares</th>
<th>Maximum (unvested) Restricted Share Units</th>
<th>Employee options</th>
<th>Units in a Fonds Commun de Placement d’Entreprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Mandl</td>
<td>10,000¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olivier Piou</td>
<td>276,000²</td>
<td></td>
<td>175,000³</td>
<td>129,000⁴</td>
<td>23,650.25⁵</td>
</tr>
<tr>
<td>Homaira Akbari</td>
<td>1,500⁵</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michel Soublin</td>
<td>1,500⁵</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Purchased in 2014, through a company controlled by the Board member.
² Progressively acquired since 2004.
³ Progressively granted since 2005.
⁴ Progressively purchased through participating in Global Employee Share Purchase Plans.
⁵ Purchased in 2004.
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 Euronext Amsterdam and on Euronext Paris. The market of reference is 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.

2014 AGM

The AGM was held on May 21, 2014. 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:

- 2013 Annual Report (discussion item).
- Application of the remuneration policy in 2013 (discussion item).
- Adoption of the 2013 financial statements (voting item).
- Dividend policy and proposed cash dividend of €0.38 per share for 2013 (voting item).
- Discharge of the CEO and non-executive Board members for the fulfillment of their respective duties during 2013 (voting item).
- Reappointment of a non-executive Board member (voting item).
- Amendment of the Articles of Association of the Company (voting item).
- Renewal of the Board’s authorization to repurchase Company shares (voting item).
- 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 (voting item).
- Reappointment of the external auditor for 2014 (voting item).

All resolutions were adopted. The minutes of the meeting are available on our website.

Voting rights

Shareholders holding Company 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.

Authorities granted to the Board

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

a. To issue shares and to determine the terms and conditions of such issue and to grant rights to acquire shares, with a maximum of 1.5% of the issued share capital per calendar year, up to a total of 5% of the issued share capital at the date of the 2014 AGM, for a period of five years, starting on May 21, 2014, without pre-emptive rights accruing to shareholders with respect to such share issues for the purpose of the Gemalto N.V. Global Employee Share Purchase Plan (GESPP) and/or the Gemalto N.V. Global Equity Incentive Plan (GEIP).

b. To issue shares and to determine the terms and conditions of such issue and to grant rights to acquire shares, up to a total of 5% of the issued share capital at May 21, 2014, for a period of 18 months, starting on May 21, 2014, with the power to limit or exclude pre-emptive rights accruing to shareholders with respect to such share issues.

c. To issue shares and to determine the terms and conditions of such issue and to grant rights to acquire shares, up to a total of 10% of the issued share capital at May 21, 2014, for a period of 18 months, starting on May 21, 2014, with pre-emptive rights accruing to shareholders with respect to such share issues.

d. To limit or exclude pre-emptive rights accruing to shareholders in connection with the above, under c., up to 5% of the issued share capital for the purpose of M&A and/or (strategic) alliances for a period of five years, starting on May 21, 2014.

e. 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 20, 2015. On December 31, 2014 the Company’s issued share capital consisted of 88,015,844 shares, of which 1,202,927 were held in treasury; on that basis the authorization covered up to 7,598,657 shares.

f. 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 2014 we paid a cash dividend of €0.38 per share for 2013.

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.
### 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. The table above lists the substantial shareholdings in Gemalto N.V. on record in the AFM register on December 31, 2014, 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, to wind up the Company, merge or demerge it. Such proposals must be adopted with 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 2014 AGM approved a Board proposal to appoint PricewaterhouseCoopers Accountants N.V. as the external auditor for 2014.

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

Two sections of this Annual Report – ‘Board of Directors’ on pages 60–62 and ‘Shareholders and General Meetings’ on pages 62–64 – 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 by giving the employee substantially equivalent rights.

**Gemalto Employee Share Purchase Plans – FCPE: system of control**

In 2014, 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 (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 236,228 shares of Gemalto as at December 31, 2014. 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 and reduce these risks to levels consistent with our risk appetite. The risk management techniques applied include operational and financial controls; financial hedging; risk transfer through our contractual arrangements; and insurance. The Company’s risk profile is reported in ‘Principal risks’ on pages 42-43 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 36-41

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 and legal 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, 2014 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 2014 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 2014.