Supporting a new phase in Gemalto’s development

In 2016 the Board oversaw the transition to a new CEO, the first of its kind in Gemalto’s ten-year history. The CEO succession was carefully planned and smoothly implemented. Having evaluated both internal and external candidates, the Board could be confident that it had made the right choice. Philippe Vallée’s time as COO allowed him to gain valuable experience and for us to closely follow his performance. We had ample time for discussion with him ahead of the handover, to explore the business and its options, ensure that new directions were consistent with the Board’s expectations, and provide support throughout the transition.

The process of business development continued without interruption: crucial in a fast-moving environment, where new players and new ways of serving customers are emerging and industry consolidation is changing the competitive landscape.

One of Gemalto’s strengths is that managers and Board discuss risks and opportunities openly, with trust and candor – and this will continue under our new CEO.

Non-executive Board member succession is another priority, which should also be well planned and managed. This will be a focus for 2017 as two Board members will reach the end of their mandates in 2018. We have put in place processes to continually identify the right people to join the Board. So that future members can effectively support Gemalto’s development, candidates must have the necessary technological expertise and understanding of our markets. Once identified and chosen, we help them move up the learning curve through an onboarding program which could entail attending Board meetings as a guest before they take office. This is then supported by ongoing training to keep members up to speed.

Having started work on the next strategic development plan in late-2016 under the new CEO, our focus in 2017 will be on helping management finalize and communicate the strategy which will serve as a roadmap to guide the whole organization to success in the coming years.

Alex Mandl
Chairman
A word from Philippe Vallée

Gemalto’s new CEO shares his thoughts

“I believe strongly in teamwork and giving responsibility to people.”

Bio
- Philippe Vallée has been with the Company for 24 years.
- Before being appointed CEO, he was serving as the Company’s Chief Operating Officer.
- He has held various management positions in Asia and Europe, including Vice President of Marketing, Chief Technology Officer and Executive Vice President of Telecommunications.
- He holds degrees in Engineering and Business.

Q Your career has evolved with Gemalto over the years. What was the transition to CEO like?
A Overall, the transition to CEO was smooth. As COO, I was primarily concerned with two stakeholder groups: employees and customers. Becoming CEO means I’m giving more time and attention to the Board and investors. Good communication with these key stakeholders is essential – but I don’t intend to lose my focus on employees and customers at all.

Q As CEO, how do you plan to lead Gemalto? What is your leadership style?
A I believe strongly in teamwork and giving responsibility to people. If they perform, the company performs. You can’t do it all on your own, so trust people and expect them to play their part and contribute to the collective success. And ensure that this is replicated across the organization.

Q How were your first four months as CEO?
A We’re working in a high-technology industry that changes fast. I like that. I’m comfortable with change. My first four months were pretty eventful – from starting work on a new development plan to announcing a successful bid for 3M’s Identity Management business – and I don’t expect the pace to let up any time soon.

Q Gemalto’s values focus on customers, innovation and people. How do your personal values align with these?
A My values fit nicely with Gemalto’s. As I mentioned, I believe in teamwork. And curiosity. Because our industry changes so fast, we need to learn from others, travel, meet people, ask questions, be curious about what’s going on. It’s the only way to keep up. Another vital attribute is agility. To keep improving things for customers, we have to work closely with them. Over my career the most successful solutions were developed with our customers, not in a void. And don’t plan too rigidly: be ready to adjust as you go, as you see what works and what doesn’t.

Q How can Gemalto build a sustainable business for the years ahead?
A Our customers look to us to help them serve their own customers effectively – to make security easy and convenient for users. The pace of technological change is even faster now than when Gemalto was born in 2006. At any time, new technologies can make your solutions obsolete. So you have to be as close as possible to your customers – because that’s where you learn.
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
- M&A committee

Alex Mandl 1943 American
Non-executive, independent
Chairman of the Board

Initial appointment: 2006
Current term: 2015-2017 (third term)
Other current appointments:
- member of the Board of Directors of Atricore Virtual Solutions Inc. and of Gemalto Limited, as well as Board member of Acceutive Health and of LeVant Power Corporation.

Experience: Alex Mandl was Executive Chairman of Gemalto from 2006–2007, President and CEO of Gemplus (2002-2006). He has also been a Board member of Horizon Lines (2007-2012), Hewitt Associates (2007-2010), Vision Corporation (2008-2010), and a Director of Dell Inc., (1997-2013), including Lead Director (2010-2013). He was previously a principal in ASM Investments focusing on the technology sector (1991-2002), 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).

Joop Drechsel 1955 Dutch
Non-executive, independent

Initial appointment: 2015
Current term: 2015-2019 (first term)
Other current appointments:
- Chief Executive Officer of BCD Group, Chairman of the supervisory Board of Royal Wagenborg.


Johannes Fritz 1954 German
Non-executive, independent

Initial appointment: 2006
Current term: 2016-2018 (fourth 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, Board member of Drees & Sommers AG and Board member of Lonrho Holdings Limited.

Experience: Johannes Fritz was a Board member of BHF Heinworff Benson Group (2015-2016), Board member of Avista AG (2013-2015) and Director of Gemplus (2002-2006). With significant experience in the finance and the banking sector, he has been lead 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 (1990-2002). 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.

Philippe Vallée 1964 French
Executive, Chief Executive Officer

Initial appointment: 2016
Current term: September 1, 2016-2020 (first term)
Other current appointments:
- None.

Experience: Philippe Vallée is a graduate in engineering from Institut National Polytechnique de Grenoble (INPG) and from the École Supérieure des Sciences Economiques et Commerciales (ESSEC) business school. He began his career with Gemplus (the first generation of GSM mobile phones). Mr. Vallée joined Gemplus in 1992. He held a number of positions in marketing, product management and sales in Europe and in Asia, including Vice-President of Gemplus Technologies Asia based in Singapore. He was afterwards promoted Vice-President of Marketing, and then President of the Gemplus Telecom business unit. After the merger of equals between Axalto and Gemplus which created Gemalto in 2006, he served as the Company’s Chief Technology Officer until June 2007, he was appointed as Executive Vice-President in charge of the Telecommunications Business Unit until 2013. He was the Company’s Chief Operating Officer from January 2014 to August 2016, with operational responsibility for all the Company’s businesses.

John Ormerod 1949 British
Non-executive, independent

Initial appointment: 2006
Current term: 2015-2017 (fourth term)
Other current appointments:
- Non-executive Director of ITV plc; Non-executive Director of Constellium NV.

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), as well as a non-executive Director of Misys plc, a leader in the financial software industry (2009-2012); a non-executive Director of Tribal Group plc (2009-2015), and a non-executive Chairman of First Names Group Ltd (2015-2016). 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 (2001-2003).
Olivier Piou  1958  French

Non-executive, non-independent

Initial appointment: 2004
Current term: Reappointed on May 19, 2016 as executive Board member, and CEO up to and including August 31, 2016. Appointed on May 19, 2016 as non-executive Board member as of September 1, 2016 for a period ending at the close of the 2020 AGM (first term)
Other current appointments: Vice-Chairman of the Board of Directors of Nokia.
Experience: Olivier Piou conducted the merger of Gemplus and Axalto which formed Gemalto in 2006, and has been its CEO and a member of the Board of Directors since then. Before that he was CEO and a Board member of Axalto (2004-2006), a company which he had introduced to the stock market in 2004. He previously held a number of positions with Schlumberger across technology, marketing and operations in France and the US (1991-2004), including heading its Smart Cards division (1998-2004). He has also been a member of the Board of Directors of Alcatel-Lucent (2008-2016), a Board member of INRA, the French national institute for research in computer science and control (2003-2010), and President of Euromart, the international organization representing the chip card industry (2003-2006). He is a Knight of the Legion of Honor in France.

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; President Emeritus of the American Chamber of Commerce in the Netherlands; and Council of Global Advisors Yale School of Management.
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 spent much of his last years at McKinsey designing and leading the transformation of global European multinationals. Since his retirement from McKinsey, Buford has served on corporate Boards in the software, travel and banking industries. He has an MBA from Harvard Business School, and holds the Royal Distinction of Officer in the Order of Orange-Nassau. Amsterdam has been his European base since 1963.

Homaira Akbari  1961  American/French

Non-executive, independent

Initial appointment: 2013
Current term: 2013-2017 (first term)
Experience: Homaira Akbari has extensive experience and deep domain knowledge in Internet of Things, 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: HO), and TruePosition, a wholly-owned subsidiary of Liberty Media Corporation (NASDAQ: LMCA). She holds a Ph.D. in particle physics from Tufts University and an MBA from Carnegie Mellon Tepper School of Business.

Yen Yen Tan  1965  Singaporean

Non-executive, independent

Initial appointment: 2012
Current term: 2016-2020 (second term)
Other current appointments: President, Asia Pacific; Vodafone Global Enterprise; Director, Singapore Press Holdings; Chairperson, 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 Regional VP/Managing Director, Asia Pacific (South), SAS Institute; Senior VP Applications, Oracle Corporation Asia Pacific (2010-2014); VP/Managing Director, Hewlett-Packard Singapore (2005-2010) and various senior management positions with HP across Asia-Pacific (1993-2005). Chairperson, Singapore’s Infocomm Technology Federation (2009-2011); Board member, Infocomm Development Authority (2009-2011); committee member of its Media Masterplan’s Talent and Manpower Work Committee (2013-2014); Deputy Chairperson, Singapore’s Ministry of Communications & Information Internet & Media Advisory committee (2009-2011); and member, IT sub-committee, Singapore’s Government Economic Strategies Committee (2010-2011).

Philippe Alfroid  1945  French

Non-executive, independent

Initial appointment: 2010
Current term: 2014-2018 (second term)
Other current appointments: Board member of Wabtec Corporation Inc., Board member of Essilor International SA; and Board member of Eurogerm SA.
Experience: Philippe Alfroid was Chief Operating Officer of Essilor International, the world leader in ophthalmic 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 (2003-2008), having been a Director since 1991. He is an engineering graduate from ENSIEHRMA Grenoble and holds a Master of Science from the Massachusetts Institute of Technology.

Non-executive, independent

Initial appointment: 2006
Current term: 2006-2010 (second term)
Other current appointments: Chairman of the supervisory Board of the Amsterdam Institute of Finance; President Emeritus of the American Chamber of Commerce in the Netherlands; and Council of Global Advisors Yale School of Management.
Experience: Olivier Piou conducted the merger of Gemplus and Axalto which formed Gemalto in 2006, and has been its CEO and a member of the Board of Directors since then. Before that he was CEO and a Board member of Axalto (2004-2006), a company which he had introduced to the stock market in 2004. He previously held a number of positions with Schlumberger across technology, marketing and operations in France and the US (1991-2004), including heading its Smart Cards division (1998-2004). He has also been a member of the Board of Directors of Alcatel-Lucent (2008-2016), a Board member of INRA, the French national institute for research in computer science and control (2003-2010), and President of Euromart, the international organization representing the chip card industry (2003-2006). He is a Knight of the Legion of Honor in France.

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; President Emeritus of the American Chamber of Commerce in the Netherlands; and Council of Global Advisors Yale School of Management.
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 spent much of his last years at McKinsey designing and leading the transformation of global European multinationals. Since his retirement from McKinsey, Buford has served on corporate Boards in the software, travel and banking industries. He has an MBA from Harvard Business School, and holds the Royal Distinction of Officer in the Order of Orange-Nassau. Amsterdam has been his European base since 1963.

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Non-executive, non-independent

Initial appointment: 2004
Current term: Reappointed on May 19, 2016 as executive Board member, and CEO up to and including August 31, 2016. Appointed on May 19, 2016 as non-executive Board member as of September 1, 2016 for a period ending at the close of the 2020 AGM (first term)
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Experience: Olivier Piou conducted the merger of Gemplus and Axalto which formed Gemalto in 2006, and has been its CEO and a member of the Board of Directors since then. Before that he was CEO and a Board member of Axalto (2004-2006), a company which he had introduced to the stock market in 2004. He previously held a number of positions with Schlumberger across technology, marketing and operations in France and the US (1991-2004), including heading its Smart Cards division (1998-2004). He has also been a member of the Board of Directors of Alcatel-Lucent (2008-2016), a Board member of INRA, the French national institute for research in computer science and control (2003-2010), and President of Euromart, the international organization representing the chip card industry (2003-2006). He is a Knight of the Legion of Honor in France.

Non-executive, independent

Initial appointment: 2012
Current term: 2016-2020 (second term)
Other current appointments: President, Asia Pacific; Vodafone Global Enterprise; Director, Singapore Press Holdings; Chairperson, 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 Regional VP/Managing Director, Asia Pacific (South), SAS Institute; Senior VP Applications, Oracle Corporation Asia Pacific (2010-2014); VP/Managing Director, Hewlett-Packard Singapore (2005-2010) and various senior management positions with HP across Asia-Pacific (1993-2005). Chairperson, Singapore’s Infocomm Technology Federation (2009-2011); Board member, Infocomm Development Authority (2009-2011); committee member of its Media Masterplan’s Talent and Manpower Work Committee (2013-2014); Deputy Chairperson, Singapore’s Ministry of Communications & Information Internet & Media Advisory committee (2009-2011); and member, IT sub-committee, Singapore’s Government Economic Strategies Committee (2010-2011).
Gemalto’s experienced Senior Management team, under the direction of the CEO, has primary responsibility for running the Company’s day-to-day business.
The Board's focus during the year

The Board held 13 meetings: five in person and eight by conference call. Two Board resolutions were taken without holding a meeting. The overall attendance rate at Board meetings during 2016 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.
- CEO and Senior Management remuneration.
- Compliance with tax regulations worldwide where Gemalto operates.
- 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 the competitive environment.
- Financing requirements for the Group.
- Grants to employees under the Global Equity Incentive Plan including to all employees worldwide (2016 “All-Stars” Plan).
- Group financial performance and disclosures.
- Long-term evolution of Board and committee composition, including chairmanship, and CEO succession.
- Main risks to the business.
- 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.
- Share buy-back and dividend policy.
- Succession planning for Senior Management, and related management development.

Independence

Until August 31, 2016, all eight non-executive Board members met the independence requirements of the Dutch corporate governance code’s best practice provision III.2.2.

As of September 1, 2016, out of nine non-executive Board members, one is considered not independent, as he is the former CEO. The Company is compliant with best practice provision III.8.4.
Board reappointment schedule as at December 31, 2016

The Board adopted a reappointment schedule, which is published on our website and shown below, listing the members of the Board and their terms in office.

<table>
<thead>
<tr>
<th>Board members</th>
<th>Date of initial appointment</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Mandl</td>
<td>June 2006</td>
<td>3rd term</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Philippe Vallée*</td>
<td>September 2016</td>
<td>1st term</td>
<td></td>
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</tr>
<tr>
<td>Homaira Akbari</td>
<td>May 2013</td>
<td>1st term</td>
<td></td>
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</tr>
<tr>
<td>Buford Alexander</td>
<td>May 2009</td>
<td>2nd term</td>
<td></td>
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</tr>
<tr>
<td>Philippe Alfroid</td>
<td>May 2010</td>
<td>2nd term</td>
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</tr>
<tr>
<td>Joop Drechsel</td>
<td>May 2015</td>
<td>1st term</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Johannes Fritz</td>
<td>June 2006</td>
<td>4th term</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>John Ormerod</td>
<td>June 2006</td>
<td>4th term</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Olivier Plou*</td>
<td>Feb 2004</td>
<td>1st term as non-executive Board member</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yen Yen Tan</td>
<td>May 2012</td>
<td>2nd term</td>
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</tr>
</tbody>
</table>

* Appointed in May as of September 1, 2016.

Our training and induction program

Our Board members are regularly trained on Gemalto’s products and services. In 2016, the training of the Board focused on M2M and Software Monetization.

There is an induction program for new Board members, which includes presentations from management, and provides detailed information about the Group’s structure, its governance, activities, products, services and operations.

How the Board is performing

Each year the Board performs a self-assessment to benchmark and evaluate the effectiveness of the Board and its committees, including the Chairman and the CEO. The self-assessment of the Board and its committees relating to the year 2015 was performed during the first quarter of 2016. The evaluation process comprises written questionnaires and one-on-one interviews with all Board members. These usually cover 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. In 2016, the Board also reviewed the progress of the actions following the previous year’s assessment, which is well on track. The Chairman reports on the conclusions to the Board.

From time to time the assessment of the Board and its committees is performed by an external expert.

The self-assessment of the Board and its committees relating to the year 2016 is performed during the first quarter of 2017, the outcome of which will be reported in the 2017 Annual Report.
In particular, during 2016 the committee considered and reported to the Board on the following:

- Annual financial statements and the related 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 areas of business such as software development and implementation where contracts have multiple components and Government Programs where contracts often have multiple components and cover extended periods of time;
  - provisions for tax across the range of countries in which the Company operates in particular where tax laws are applied in a more subjective way;
  - the capitalization and amortization of development expenditure;
  - impairment testing of intangible assets;
  - provisions for credit risk in particular in relation to sales in emerging markets;
  - accounting for bonus payments and share-based compensation expense; and
  - the overall presentation of the financial statements including the preparation of the alternative performance measure (PFO).
- Condensed semi-annual financial statements and the related report to the committee by the external auditor, as well as the announcements of the interim trading updates, including quarterly revenue figures.
- The development and implementation of the external auditor’s plan for the 2016 audit. 2016 was the first year of appointment of KPMG. The committee reviewed the external auditor’s approach, their assessment of financial risk and materiality and scope of planned procedures for the year. The committee considered the auditor’s procedures for maintaining a high standard of audit quality including steps taken to ensure their continuing independence.
  - the scope of and fees for non-audit services consistent with the policy established by the committee. A review of KPMG’s work will be undertaken in 2017 following completion of their first audit. Following the recommendation of the Audit committee, endorsed by the Board, KPMG Accountants N.V. was appointed external auditor for the financial year 2017 at the 2016 AGM. The committee recommended to the Board their reappointment for 2018 at the 2017 AGM.

The Audit committee meets during the year at times determined principally by the Company’s financial reporting calendar. The committee normally invites the CFO and some of his reports as the case may be, the Company’s external auditors, the Internal Audit Director, EVP General Counsel, the Compliance, Governance and Central Officer and the Chairman of the Board to attend its meetings. Others, including the CEO, attend from time to time to participate in specific agenda items. The committee regularly meets in separate executive sessions with the CFO, the external auditors, the Internal Audit Director, the EVP General Counsel and the Compliance, Governance and Central Officer.

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 framework, 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-site/about-site/download-site/Documents/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 the identification of significant risks and the effectiveness of planned mitigating actions. The committee reviews financial policies in areas such as tax and treasury and related authority limits. The committee considers the assumptions and other information supporting key accounting judgments and reviews sensitivity analysis to assess the effect of variations in key assumptions in areas such as valuations and impairment assessments of assets.
• Outlook statements and forecasts and the underlying documents. A particular focus in 2016 was the review of the outlook statement for 2017 announced on October 28, 2016.

• The Company’s financial and risk management system and key internal financial control policies and procedures. These included a review of the cash management, the share buy-back program, counterparty risk and outstanding credit facilities, including the impact of foreign currency fluctuations, tax and treasury risks, as well as hedging. The committee further reviewed the Enterprise Risk Assessment process, focusing on confidential data management and cyber risks, and on risks related to Machine-to-Machine (M2M), and reviewed the results of the internal control self-assessment process. These steps are designed to help the Board review and assess the effectiveness of internal controls.

• Information and communication technology risks. The review of this area was based on a presentation on the Company’s Information Solutions and Services (ISS) plans and risks given annually to the committee by the CIO. The committee looked in particular at the Company’s management and mitigation plans in relation to cyber risk. As in 2015, the technology risk review was extended to cover a presentation on the further development of the Company’s Business Data centers and operations to support certain of our Platform & Services customer solutions.

• A new major ERP implementation project aimed at standardizing key systems across the Company’s businesses. Some areas where particular functions or activities are distinct will continue to operate different systems. This is a multi-year project and the committee reviewed the scope, governance, and risk management of the project.

• Business ethics policies and procedures around bribery and corruption.

• Whistle-blowing. Most reports are related to relatively minor issues. They are dealt with in strict confidence by the Company’s confidential advisor and where appropriate with the support of our Anti-Fraud Commission and Internal Audit. On the rare occasions where potentially serious issues are reported, in particular involving senior management, the issues are investigated, again in strict confidence, by the Audit committee and the Chairman of the Board, assisted by independent outside counsel.

• Significant claims and disputes – including those resulting in litigation.

• The internal audit charter, the internal audit plan for 2017–2019 and its coverage in relation to external audit.

• The effectiveness and independence of the internal audit process, considering internal audit findings and recommendations and management’s follow-up actions.

Report of the Nomination and Governance committee

Committee members on December 31, 2016 (all being independent)
Alex Mandl (Chairman)
Buford Alexander
Johannes Fritz
Yen Yen Tan

Number of committee meetings in 2016

During the year, the Nomination and Governance committee continued to focus 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 Board members who stood for reappointment at the 2016 AGM. Ms. Drina Yue opted not to seek reappointment when her mandate expired at the close of the 2016 AGM.

The committee dedicated a substantial amount of time to the CEO succession. Based on the committee’s advice, the Board recommended the reappointment of Mr. Olivier Piou as Executive Board member, CEO until August 31, 2016, and appointment of Mr. Olivier Piou as Non-executive Board member as of September 1, 2016 until the close of the 2020 AGM, and the appointment of Mr. Philippe Vallée as Executive Board member, CEO as of September 1, 2016 until the close of the 2020 AGM.

The committee started a thorough selection process supported by a leading executive search firm for a new non-executive Board member to be proposed at the 2017 AGM. Interviews and introduction meetings were held with the committee members and other Board members, including the Chairman and CEO. As a result of this process, the committee recommended to the Board the appointment of Ms. Jill Smith as independent Non-executive Board member until the close of the 2021 AGM.

The committee advised, through the Board, the CEO on the management organization.

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, including the European Market Abuse Regulation and the new Dutch Corporate Governance Code. Following the implementation of the European Market Abuse Regulation, the committee reviewed and recommended changes to Gemalto’s Insider Trading Policy that were adopted by the Board.
Report of the M&A committee

Committee members on December 31, 2016 (all being independent)

Johannes Fritz (Chairman)
Homaira Akbari
Buford Alexander
Philippe Alfroid
Yen Yen Tan

Number of committee meetings in 2016: 10

The committee advises the Board in respect of the Company’s merger, acquisition and divestiture activities. During 2016, the committee dedicated significant time to reviewing and advising the Board with respect to material acquisitions, including the acquisition of 3M’s Identity Management Business.

The committee reviewed the post-acquisition performance of several previously acquired businesses. Drawing on resources provided by Internal Audit, the committee reviewed M&A effectiveness reports of the past acquisitions.

Report of the Compensation committee

Committee members on December 31, 2016 (all being independent)

Philippe Alfroid (Chairman)
Joop Drechsel
John Ormerod

Number of committee meetings in 2016: 5

As in previous years, the Chairman of the Compensation committee met on a regular basis with the committee’s own advisor (Mercer) to be updated on both market trends and industry best practice in terms of Compensation and Benefits for the CEO and the Senior Management team.

The committee reviewed the achievement of performance targets and objectives recommended by itself and set by the Board for 2015 and the resultant variable compensation payments for the CEO and Senior Management. The committee proposed to the Board the appropriate 2016 and the 2017 targets.

In light of the CEO succession, the committee dedicated a substantial amount of time to defining the retirement package of Mr. Olivier Piou and the remuneration package of Mr. Philippe Vallée, as adopted by the Board within the limits of the Remuneration Policy.

The 2016 Remuneration report is set out on pages 58-64.

Working with the advisor from Mercer, the committee designed the terms of the 2016 Long Term Incentive (LTI) grant. The committee recommended the Board to grant restricted share units to eligible employees in 2016. This included granting restricted share units to all Gemalto employees worldwide, employed on June 2, 2016, (the ‘2016 All Stars Plan’), celebrating Gemalto’s ten year anniversary. It defined the applicable grant characteristics, as well as the performance and service vesting conditions.

The committee also began work on the elements of the LTI for 2017, which included holding a preparatory meeting between the Chairman of the committee, the EVP Human Resources and Mercer, as in previous years.

The committee recommended that Gemalto employees in more than 35 countries should have the opportunity to buy shares in the Company at 15% below the market price by participating in the Global Employee Share Purchase Plan (GESPP).
Our governance structure

This section provides a broad outline of Gemalto’s corporate governance structure, its implementation during 2016 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 Euronext 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 public 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 Strozzielaan 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 majority of its principles and best practice provisions. In accordance with the 2008 code’s “apply or explain” principle, we 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 since as a global company we are taking into account the laws of different countries where we are located. We are monitoring the evolution of such laws and, if feasible, we will reconsider the scope of the complaints-related procedure.

- **Provision II.2.7:** this provision recommends that the conditions of granted restricted share units may not be modified during its term. However, the Board has decided:
  - that Mr. Piou’s maximum number of restricted share units eligible to vest when his employment with Gemalto will end (135,000 restricted share units from grants made in 2014 and 2015) will be reduced pro rata temporis to his employment period by Gemalto and the respective awards performance periods (i.e. down to a maximum of 96,250 restricted share units);
  - that the financial performance criteria which these restricted share units are subject to will continue to be applied and the service condition is deemed fulfilled; and
  - that the vesting dates remain unchanged.

- **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. However, the shareholders have approved the deviations as follows:
  - for Mr. O. Piou, CEO, until August 31, 2016, the severance payment is one year of reference salary, to be decided by the Board. As from September 1, 2016, up to August 31, 2019, a max of 18 months of reference salary, to be decided by the Board; and
  - for Mr. P. Vallée, CEO as from September 1, 2016:
    - a. Up to August 31, 2019: up to a max of 18 months of reference salary, to be decided by the Board;
    - b. As from September 1, 2019: 12 months of reference salary; and
  - in the exceptional case that the severance payment based on Philippe Vallée’s French employment agreement, as required by French law, exceeds the severance payment as provided under a. and b., then the severance payment as required by French law prevails. In such a case no additional severance payment will be due for the part related to Philippe Vallée’s Executive Board mandate. As from September 1, 2016, up to August 31, 2019, a max of 18 months of reference salary, to be decided by the Board. As from September 1, 2019: 12 months of reference salary.
Our governance structure continued

• **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 non-executive Board members can be appointed for more than three terms. However, in practice we apply a stricter rule. At Gemalto, a term is a maximum of four years. 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.

• **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 statutory one-tier Board comprising executive and 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 enterprises, 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. As at December 31, 2016, there are two women out of ten Board members. In view of the proposed appointment of Ms. Jill Smith as non-executive Board member to the 2017 AGM, Gemalto considers 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. During 2016, the composition of the Board was as follows:

• Until August 31, 2016: one executive Board member (the CEO) and eight non-executive Board members.

• As from September 1, 2016: one executive Board member (the CEO) and nine non-executive Board members.

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.
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 such Board member has a direct or indirect personal interest which conflicts with the interest of the Company. In 2016, 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.

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. 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; in this context, a chairmanship of a supervisory board counts double. At Gemalto we have set a limit of five for the total number of (supervisory) boards worldwide. Any exception to this 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 mandate. 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.
Our governance structure continued

Shares or other financial instruments in Gemalto N.V. held by Board members as at December 31, 2016

<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>10,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippe Vallée</td>
<td>144,700</td>
<td>140,100(^{1})</td>
<td>17,737(^{3})</td>
<td>20,545.28(^{4})</td>
<td></td>
</tr>
<tr>
<td>Homaira Akbari</td>
<td>4,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olivier Piou</td>
<td>388,999</td>
<td>96,250(^{1})</td>
<td>111,500(^{3})</td>
<td>39,447.77(^{4})</td>
<td></td>
</tr>
</tbody>
</table>

\(^{1}\) Purchased in 2014, through a company controlled by the Board member.  
\(^{2}\) Progressively acquired since 2009.  
\(^{3}\) Progressively granted since 2014 for the RSU and 2008 for the employee options.  
\(^{4}\) Progressively purchased through participating in Global Employee Share Purchase Plans.  
\(^{5}\) Progressively purchased since 2014, through a company controlled by the Board member.  
\(^{6}\) Progressively acquired since 2004.  
\(^{7}\) Progressively granted since 2014 for the RSU and 2005 for the employee options.

Nomination and Governance committee
This committee 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.

M&A committee
This committee advises the Board on Gemalto’s M&A policy 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 30-38, and the Board’s statement on internal risk management and control systems is shown on page 65.

Considering the strong growth of Gemalto and the constantly changing tax regulations in many countries where we operate, Gemalto’s tax policy mainly focuses on ensuring that all affiliates comply to local regulations, including local obligations with regard to transfer pricing. 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 financial 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. On December 31, 2016, the Company’s issued and paid-up share capital amounted to €89,928,639. This consisted of 89,928,639 ordinary shares, of which 717,835 were held in treasury and 89,210,804 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 2015 AGM gave the Board authorization, renewed by the 2016 AGM, to repurchase Company shares. This allowed us to buy shares in 2016 to provide liquidity, to grant shares to employees and to fund external growth. On December 31, 717,835 shares with a market value of €39,423,498 were held in treasury, acquired at an average price of €40.46 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 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.

**2016 AGM**

The AGM was held on May 19, 2016. 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:

- Application of the remuneration policy in 2015 (discussion item).
- Adoption of the 2015 financial statements (voting item).
- Dividend policy and proposed cash dividend of €0.47 per share for 2015 (voting item).
- Discharge of the CEO and non-executive Board members for the fulfillment of their respective duties during 2015 (voting item).
- Reappointment of two non-executive Board members (voting item).
- Appointment of a new executive Board member and CEO (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 limit or exclude pre-emption rights (voting item).
- (Re)appointment of the external auditor for 2017 (voting item).

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

The annual report, the financial statements and other regulated information such as defined in the Dutch act on Financial Supervision (Wet op het Financieel Toezicht) were published in English.

**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.
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 2016, we paid a cash dividend of €0.47 per share for 2015.

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 published on the AFM website on December 31, 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Shareholder</th>
<th>Capital Interest or Voting Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 9, 2016</td>
<td>Aviva plc</td>
<td>3.20% capital interest and voting rights</td>
</tr>
<tr>
<td>November 14, 2016</td>
<td>Capital Research and Management Company</td>
<td>3.01% voting rights</td>
</tr>
<tr>
<td>November 16, 2016</td>
<td>Capital Group International Inc.</td>
<td>3.01% voting rights</td>
</tr>
<tr>
<td>June 16, 2016</td>
<td>S.N. Quandt</td>
<td>5.67% capital interest and voting rights</td>
</tr>
<tr>
<td>January 13, 2016</td>
<td>BlackRock, Inc.</td>
<td>2.99% capital interest and 3.75% voting rights</td>
</tr>
<tr>
<td>December 2, 2015</td>
<td>S.H.U. Klatten née Quandt</td>
<td>3.21% capital interest and voting rights</td>
</tr>
<tr>
<td>November 17, 2014</td>
<td>Oppenheimer Funds, Inc.</td>
<td>3.05% capital interest and 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>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 of December 31, 2016 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.

Capital interests and/or voting rights may require several disclosures by companies belonging to the same group.

Authorizations 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 (GIEP).

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 19, 2016, for a period of 18 months, starting on May 19, 2016, 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 25% of the issued share capital at May 19, 2016, for a period of 18 months, starting on May 19, 2016, 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 18 months, starting on May 19, 2016.

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 18, 2017. On December 31, 2016, the Company’s issued share capital consisted of 89,928,639 shares, of which 717,835 were held in treasury: on that basis the authorization covered up to 8,275,028 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 2016, we paid a cash dividend of €0.47 per share for 2015.

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, 2016, published on the AFM website at 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 demerger. 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 2016 AGM approved the appointment of KPMG Accountants N.V. as the external auditor for 2017.

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 52-55 and “Shareholders and General Meetings” on pages 55-56 – include the disclosures specified by the Dutch Decree on Article 10 of the European Union Takeover Directive. In addition, we offer the following information:

Global 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.

Global Employee Share Purchase Plan – FCPE: system of control
In 2016, as 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 436,728 shares of Gemalto on December 31, 2016. It exercises its voting rights on these shares independently, without instructions from participating employees.
Remuneration report

This report describes:
• Gemalto’s remuneration policy for the CEO
• Compensation paid to Olivier Piou as CEO until August 31, 2016
• Compensation paid to Philippe Vallée as CEO as from September 1, 2016
• Compensation paid to non-executive Board members in 2016.

Introduction
The Board determines the CEO’s compensation in accordance with the remuneration policy approved by shareholders in 2008. This policy also provides guidance on Senior Management compensation (though the latter is not addressed in this report). The policy is published in full on our website. The CEO’s compensation package complies with the Dutch corporate governance code, with a few exceptions which are explained on page 50.

In considering the remuneration and incentive plans, the Compensation committee is advised by Mercer, an independent consulting firm.

CEO 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 align the executive team’s interests with the Company’s adopted strategy and risk appetite.

To link reward to performance, a significant proportion of the CEO’s 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.

In accordance with best practice provision II.2.1, before deciding the remuneration of the CEO in line with the remuneration policy, the Board drew up scenario analyses of the possible outcomes for variable remuneration and how these might affect the CEO’s total remuneration. The relationships between the chosen strategic objectives and the performance criteria applied, and between performance and compensation, are regularly reviewed.

Comparison with peer companies
We benchmark the Company’s performance and remuneration levels against a comparison group of peer companies. Our policy is to maintain overall compensation levels at the 60th percentile of our peers for on-target performance – and in cases of exceptional performance within the upper quartile.

In 2015, the Board decided to review and adapt the composition of the comparison group to improve its representativeness in terms of size, industry and geography. In this context, the Compensation committee analyzed the CEO’s remuneration against two panels. One comprises French companies, the other comprises international high-tech companies, and some companies are common to both:

International high-tech peer companies
- AtoS
- Dassault Systèmes
- Logitech
- Capgemini
- Essilor
- NXP
- Capita Group
- Infinion Technologies
- Oberthur
- Computacenter
- Ingenico
- VMware
- Criteo

French peer companies
- Altran Technologies
- Iliad
- STMicroelectronics
- Bic
- Ingenico
- Technicolor
- Capgemini
- Legrand
- Thalès
- Dassault Systèmes
- Nexans
- Vallourec
- Essilor

To ensure appropriate comparisons, the Compensation committee consults with its own advisor, Mercer, and regularly reviews other reports from independent, internationally recognized compensation specialists, 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).

Base salary (fixed part of the annual cash compensation)
We set base salaries to attract and retain Senior Management, including the CEO, targeting the median level in our comparison group. It is reviewed annually by the Compensation committee. The base salary will not be changed in 2017.
**Performance-related short-term variable incentive (variable part of the annual cash compensation)**

The short-term variable incentive aims to focus management on the business priorities for the financial year ahead and to align reward with future shareholder value creation. For meeting 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 short-term variable incentive is based on achieving annual financial and personal targets proposed by the Compensation committee and approved by the Board each year. The incentive payment ranges from zero to 180% of base salary. Meeting 100% of the objectives results in an incentive of 120% of base salary. Outperformance can take the incentive to a stretch level of up to 180% of base salary. Below a minimum performance threshold, the 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 to increase or reduce an amount.

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

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

The plan allows for the award of share options and performance-related shares. The Board may make annual awards to the CEO in different types of instruments similar in substance or nature with a maximum value equivalent to 250,000 market value share options, valued using any generally recognized valuation method. Since 2009 the Board has granted restricted share units rather than share options, as it considers that these provide stronger alignment with shareholders’ interests.

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/or specific service criteria being met.

**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 (GESPP). French employees participate in this plan through a Fonds Commun de Placement d’Entreprise (FCPE), a fund which subscribes to Gemalto shares and gives the employee units of the FCPE in exchange. The CEO participates in the mandatory Gemalto pension plan required by law in France. No supplemental pension plan is provided.

**Loans or guarantees**

Gemalto does not offer the CEO personal loans, guarantees or similar benefits. None were granted in 2016, and none were outstanding on December 31, 2016.
# Remuneration report continued

## Compensation for Olivier Piou for 2016 as CEO until August 31, 2016

(including until his employment contract ended on December 31, 2016)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>€850,000</td>
<td>The CEO’s annual salary is €850,000, including a fixed fee for his position as executive Board member of Gemalto N.V. The CEO’s salary will be paid for the full year 2016.</td>
</tr>
<tr>
<td><strong>Variable incentive</strong></td>
<td>€544,544</td>
<td>For 2016, the targets were:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial targets, accounting for 2/3 of the variable incentive:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Revenue: 4/15 of the variable incentive. Achievement 25.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Profit from operations: 4/15 of the variable incentive. Achievement 0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Free cash flow: 2/15 of the variable incentive. Achievement 100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personal targets, accounting for 1/3 of the variable incentive:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>these relate to the CEO’s specific responsibilities and are defined as measurable actions linked to Gemalto’s success and development. Personal targets include customer satisfaction and employee satisfaction. Achievement 100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For meeting 100% of these objectives, the performance-based annual variable compensation is 120% of base salary. Exceptional performance exceeding 100% achievement of objectives can increase the variable compensation to 180% of base salary.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The performance of the CEO and of the Company in 2016 led to a score of 53.4% against the CEO’s variable incentive targets. The variable incentive payment to Olivier Piou was €544,544 for the full year 2016, representing 64.06% of his base salary.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Board did not use its discretionary power to modify the variable incentive.</td>
</tr>
<tr>
<td><strong>Conditional multi-year share-based plan</strong></td>
<td>Not</td>
<td>applicable</td>
</tr>
<tr>
<td><strong>Benefits and pension contributions</strong></td>
<td>€119,006</td>
<td>The CEO was not granted RSUs in 2016.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The CEO participates in the mandatory Gemalto pension plan required by law in France. No supplemental pension plan is provided. In 2016, 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. The CEO did not participate in the GESPP in 2016.</td>
</tr>
</tbody>
</table>

More information on the CEO’s compensation is shown in note 14 to the statutory financial statements of the Holding Company.
Termination of employment contract
Olivier Piou retired as executive Board member and CEO on August 31, 2016, and his employment contract ended at the end of December 2016. He was appointed as non-executive Board member as of September 1, 2016. His Board member and CEO compensation for 2016, including the full and final settlement of his employment with Gemalto, comprised:

- Annual salary, including Board member fee, of €850,000. In addition, any remaining accrued vacation and possible remaining rights under his employment contract as per French regulations – the amount of which was not material.
- Performance-based annual variable compensation of €544,544 related to achievement of his 2016 financial and personal objectives.

- Restricted share units (RSUs). The maximum number of RSUs eligible to vest when Olivier Piou’s employment with Gemalto ended would have been 135,000, from grants made in 2014 and 2015. These have been reduced pro rata to his employment period with Gemalto and the respective awards performance periods (i.e. down to a maximum of 96,250 units). The financial performance criteria governing these RSUs will continue to be applied and the service condition is deemed fulfilled. The vesting dates remain unchanged.

The number of shares resulting from the pro rata performance criteria, and applicable social charge and tax computations, will be delivered to Olivier Piou in 2018.

The Company does not provide for any supplemental pension plan to the CEO during or after his employment period. Olivier Piou will therefore not benefit from any exceptional Company contribution for his pension related to or triggered by his retirement, nor from any additional payments relating to his retirement.

Long-term incentive plan awards granted to Olivier Piou

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 2016.

<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>March 2012</td>
<td>50,000</td>
<td>€1,908,000</td>
<td>Conditional</td>
<td>December 2014</td>
<td>€3,395,000</td>
<td>January 2017</td>
<td>€3,395,000</td>
</tr>
<tr>
<td>May 2013</td>
<td>May vary from 0 to 50,000</td>
<td>€3,050,500</td>
<td>Conditional</td>
<td>AGM 2016</td>
<td>Performance vesting condition was partially met in 2016 so number of RSUs is defined: 42,999</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>March 2014</td>
<td>0 to 75,000. Forfeiture of 18,750 RSUs. Number of RSUs remaining is 56,250</td>
<td>€5,700,750</td>
<td>Conditional</td>
<td>AGM 2018</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>August 2015</td>
<td>May vary from 0 to 60,000. Forfeiture of 20,000 RSUs. Number of RSUs remaining is 40,000</td>
<td>€3,493,800</td>
<td>Conditional</td>
<td>August 31, 2018</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

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

### Compensation for Philippe Vallée as CEO as from September 1, 2016
(Excluding COO position until August 31, 2016)

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>€750,000</td>
<td>The CEO’s annual salary is €750,000, including a fixed fee for his position as executive Board member of Gemalto N.V. The CEO’s salary will be paid pro rata for 2016, from September 1, 2016 until December 31, 2016 (€250,000).</td>
</tr>
<tr>
<td><strong>Variable incentive</strong></td>
<td>€160,160</td>
<td>For 2016, the targets were: Financial targets, accounting for 2/3 of the variable incentive: Revenue: 4/15 of the variable incentive. Achievement 25.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Profit from operations: 4/15 of the variable incentive. Achievement 0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Free cash flow: 2/15 of the variable incentive. Achievement 100%</td>
</tr>
<tr>
<td><strong>Conditional multi-year share-based plan</strong></td>
<td>100 RSUs</td>
<td>100 RSUs granted as part of the Company-wide 2016 “All-Stars Plan”. The RSUs will only vest if Philippe Vallée is still an employee of Gemalto on June 2, 2019.</td>
</tr>
<tr>
<td><strong>Max. 50,000 RSUs</strong></td>
<td></td>
<td>Depending on performance, the number of RSUs granted may vary on a sliding scale from 0 to 50,000. The RSUs will only vest if the following conditions are met:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Performance vesting conditions: Reaching a certain Platforms &amp; Services revenue target in 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reaching a certain cumulative revenue target of Government Programs, IDSS and M2M in 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reaching a certain Profit from Operations in 2017.</td>
</tr>
<tr>
<td><strong>Benefits and pension contributions</strong></td>
<td>€17,742</td>
<td>The CEO participates in the mandatory Gemalto pension plan required by law in France. No supplemental pension plan is provided.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In 2016, 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. The CEO did not participate in the GESPP in 2016.</td>
</tr>
</tbody>
</table>

More information on the CEO’s compensation is shown in note 14 to the statutory financial statements of the Holding Company.
**Employment contract**

Philippe Vallée has an employment contract with Gemalto International SAS, a Gemalto subsidiary:

- Originally dated 1992; not limited in time; governed by French law.
- Notice period for Gemalto and for Philippe Vallée: six months under French employment contract.

Philippe Vallée has entered into an agreement with Gemalto N.V. for his executive Board mandate.

Severance payment (as set within the limits of the Company’s remuneration policy for the CEO):

a. As from September 1, 2016 up to August 31, 2019: up to a maximum of 18 months of reference salary (base salary + Board fees + bonuses), to be decided by the Board.

b. As from September 1, 2019: 12 months of reference salary.

c. In the exceptional case that the severance payment based on Philippe Vallée’s French employment agreement, as required by French law, exceeds the severance payment as provided under a. and b., then the severance payment as required by French law prevails. In such a case no additional severance payment will be due for the part related to Philippe Vallée’s executive Board mandate.

**Long-term incentive plan awards granted to Philippe Vallée**

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 2016.

<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>March 2012</td>
<td>12,000</td>
<td>€457,920</td>
<td>Conditional</td>
<td>December 2014</td>
<td>€814,800</td>
<td>January 2017</td>
<td>€664,560</td>
</tr>
<tr>
<td>May 2013</td>
<td>May vary from 0 to 15,000</td>
<td>€915,150</td>
<td>Conditional</td>
<td>AGM 2016 Performance vesting condition was partially met in 2016 so number of RSUs is defined: 12,000</td>
<td>€677,418</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>April 2014</td>
<td>May vary from 0 to 50,000</td>
<td>€3,800,500</td>
<td>Conditional</td>
<td>AGM 2018</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>August 2015</td>
<td>May vary from 0 to 40,000</td>
<td>€2,329,200</td>
<td>Conditional</td>
<td>August 31, 2018</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>June 2016</td>
<td>100</td>
<td>€5,353</td>
<td>Conditional</td>
<td>June 2, 2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>October 2016</td>
<td>May vary from 0 to 50,000</td>
<td>€2,731,000</td>
<td>Conditional</td>
<td>October 3, 2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

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 €8,000 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 2016, and none were outstanding on December 31, 2016.

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 their position as non-executive Board member.

The remuneration of each non-executive Board member in office on December 31, 2016, for the year 2016 is detailed in the table below and also disclosed in note 14 to the statutory financial statements of the Holding Company.

Remuneration of Board members in office on December 31, 2016

<table>
<thead>
<tr>
<th>Name</th>
<th>2016 total (€)</th>
<th>Board (€)</th>
<th>Audit committee (€)</th>
<th>Nomination and Governance committee (€)</th>
<th>Compensation committee (€)</th>
<th>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>Philippe Vallée*</td>
<td>100,000</td>
<td>100,000</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>–</td>
<td>8,000</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 Alfroid</td>
<td>93,000</td>
<td>70,000</td>
<td>–</td>
<td>–</td>
<td>15,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Joop Drechsel</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>93,000</td>
<td>70,000</td>
<td>–</td>
<td>8,000</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>Olivier Piou</td>
<td>35,000</td>
<td>35,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</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><strong>Total</strong></td>
<td><strong>1,054,000</strong></td>
<td><strong>875,000</strong></td>
<td><strong>62,000</strong></td>
<td><strong>39,000</strong></td>
<td><strong>31,000</strong></td>
<td><strong>47,000</strong></td>
</tr>
</tbody>
</table>

* Joined during the year: amount paid pro rata.
Board statements

The objectives of our internal risk management process are to identify the significant strategic, legal, regulatory, operational, financial 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 36-38 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 30-35.

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 strategic, legal, regulatory, operational 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 5.1A 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, 2016, 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 of the balance sheet date and the state of affairs during the 2016 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 systems provide reasonable assurance that its financial reporting does not contain any error of material importance.

• Gemalto’s internal risk management and control systems in relation to financial reporting have worked properly in 2016.

Alex Mandl
Non-executive Chairman of the Board

Philippe Vallée
Executive Board member and Chief Executive Officer

Homaira Akbari
Non-executive Board member

Buford Alexander
Non-executive Board member

Philipp Alfroid
Non-executive Board member

Joop Drechsel
Non-executive Board member

Johannes Fritz
Non-executive Board member

John Ormerod
Non-executive Board member

Olivier Piou
Non-executive Board member

Yen Yen Tan
Non-executive Board member

Amsterdam, March 2, 2017