



**AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
CHARTER**

I. Purpose of the Audit Committee

The Board of Directors (the “Board”) of OneSpan Inc. (the “Company”) has constituted and established an Audit Committee (the “Committee”) with authority, responsibility, and specific duties as described in this Audit Committee Charter (the “Charter”). The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.

The purposes of the Committee are to assist the Board in fulfilling its oversight responsibilities related to:

- (i) The integrity of the Company’s financial statements;
- (ii) The Company’s internal accounting and financial reporting controls;
- (iii) The Company’s compliance with legal and regulatory requirements;
- (iv) The Company’s risk assessment and risk management regarding financial reporting and legal compliance;
- (v) The registered public accounting firm’s qualifications and independence; and
- (vi) The performance of the registered public accounting firm.

The Committee will prepare a report annually, as required by the Securities and Exchange Commission (“SEC”), for inclusion in the Company’s annual proxy statement.

While the Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Committee to prepare the Company’s financial statements, to certify that the Company’s financial statements and disclosures are completely accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations, to attest to the Company’s internal controls, to plan or conduct the audit or to guarantee the independent auditor’s report. These are the responsibilities of management and the independent auditor. The Committee is charged with the oversight roles for these functions as set out in this Charter.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. Composition of the Audit Committee

The Committee shall be comprised of three or more Directors as determined by the Board upon the recommendation of the Corporate Governance and Nominating Committee. Each member of the Committee will meet the following criteria:

- (i) Is “independent” under the rules of The NASDAQ Stock Market LLC (“NASDAQ”) and the SEC;
- (ii) Does not accept any consulting, advisory or other compensatory fee from the Company other than in his or her capacity as a member of the Board or any committee of the Board;
- (iii) Is not an “affiliate” of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Securities Exchange Act of 1934, as amended;
- (iv) Shall have a working familiarity with basic finance, accounting and reporting practices and shall be able to read and understand fundamental financial statements; and
- (v) Shall have not participated in the preparation of the financial statements of the Company in the past three years.

At least one member of the Committee shall have accounting or related financial management expertise such that he or she, in the determination of the Board, qualifies as a “financial expert” as defined by NASDAQ and the SEC.

Each member of the Committee shall promptly notify the Board of any circumstance that might compromise his or her independence. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside consultant.

The members of the Committee shall be elected by the Board at the Annual Organizational Meeting of the Board and serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. Meetings of the Audit Committee

The Committee shall meet as often as necessary to fulfill its responsibilities, but at least quarterly. To foster open communication, the Committee should meet separately with management, and the registered public accounting firm to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately.

Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations and other matters as the Committee may deem necessary or appropriate.

The Chair will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the date, time, duration and the agenda of items to be addressed at each upcoming meeting. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee may request any officer or employee of the Company or the Company’s outside counsel or registered public accounting firms to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

IV. Authorities and Responsibilities of the Audit Committee

To fulfill its responsibilities and duties the Committee shall:

A. Review of Financial Reports/Releases

1. Review and discuss with the Company's management and its registered public accounting firm each of the Company's annual audited and quarterly financial statements, including, (a) in the case of the annual audited financial statements, the report of the public accounting firm, (b) in the case of the quarterly financial statements, the results of the public accounting firm's review thereof, and (c) in all cases, related financial disclosures (e.g., Managements Discussion and Analysis of Financial Condition and Results of Operations) that are included in reports to be filed with the SEC, prior to such reports being filed. Discussions with management and the Company's registered public accounting firm shall include all items that are required to be communicated by the registered public accounting firm under the then applicable Statements on Auditing Standards, including but not limited to:
 - Significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
 - Restrictions on the scope of the registered public accounting firm's activities;
 - Issues related to access to information requested by the registered public accounting firm;
 - All critical accounting policies and practices used in the preparation of the reports;
 - Alternative treatments of financial information within generally accepted accounting principles that have been discussed by management and the registered public accounting firm, ramifications of the use of such alternative treatments, and the treatment preferred by the registered public accounting firm;
 - The registered public accounting firm's judgments about the quality and appropriateness of the Company's accounting principles;
 - Reasonableness of significant estimates made by management;
 - Significant changes in accounting principles, practices, judgments or estimates;
 - Clarity and adequacy of disclosures;
 - Any potentially illegal acts or instances of fraud noted during the review or audit; and
 - Significant disagreements between management and the registered public accounting firm.
2. Determine whether it will recommend to the Board that the Company's annual audited financial statements be included in the Company's Annual Report on Form 10-K.
3. Prepare a report in accordance with the SEC's rules and regulations for inclusion in the Company's annual proxy statement.
4. Review and discuss with the Company's management and its registered public accounting firm the Company's quarterly and annual earnings press releases, including the use of any "pro forma," "adjusted" or other non-GAAP information, prior to the issuance of the release to the public.
5. Review and discuss with the Company's management the release of any financial or other related data that may provide guidance to analysts, rating agencies and others. Such discussion

may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

B. Oversight of the Registered Public Accounting Firm

1. Have sole and direct responsibility for appointing, compensating, evaluating and, when appropriate, terminating the engagement of the registered public accounting firm who shall report directly to the Committee. The ratification (or lack thereof) by the Company's stockholders of the Committee's selection of the registered public accounting firm shall in no way limit the Committee's sole and direct authority with regard thereto.
2. Evaluate the independence of the registered public accounting firm. On an annual basis, the Committee shall obtain from the registered public accounting firm a written communication delineating all the relationships between the registered public accounting firm and the Company as required by Independence Standards Board Standard No. 1: Independence Discussions with Audit Committees. In addition, the Committee shall review with the registered public accounting firm the nature and scope of any disclosed relationships or professional services and take, or recommend that the Board of Directors take, appropriate action to ensure the continuing independence of the auditors.
3. Ensure that the audit partner, who has primary responsibility for the audit, serves in that capacity for no more than five consecutive years.
4. Review and pre-approve, or adopt procedures to pre-approve, the audit plan and all other audit and permitted non-audit services, and related fees or other compensation to be paid to the registered public accounting firm.
5. Resolve any disagreement between the Company's management and the registered public accounting firm regarding financial reporting.
6. Obtain and review the reports required to be made by the registered public accounting firm under the Securities Exchange Act of 1934, Section 10A, paragraph (k) including:
 - All critical accounting policies and practices to be used,
 - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm, and
 - Other material written communications between the registered public accounting firm and the Company's management, such as any management letter or schedule of unadjusted differences.
7. Meet periodically with the registered public accounting firm out of the presence of management to discuss any issue that may be of concern to either the Committee or the registered public accounting firm, including but not limited to internal controls, the fullness and accuracy of the Company's financial statements, and the qualifications, expertise and/or performance of the Company's financial management.
8. Review the performance of the registered public accounting firm and discharge of the registered public accounting firm when circumstances warrant.

C. Internal Controls, Disclosure Controls and Financial Reporting Processes

1. Inquire of management and the registered public accounting firm about significant risks or exposures and review the steps management has taken to monitor and minimize any such risks to the Company, including the Company's risk assessment and risk management policies.
2. Review management's assessment of internal controls over financial reporting and the related reports of the CEO and CFO required by the Sarbanes-Oxley Act of 2002.
3. Review and discuss management's plan to monitor internal controls over financial reporting and review the results of such plan.
4. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting, financial reporting or auditing matters, and (iii) the dissemination of the procedures developed pursuant to the foregoing clause (ii) in a manner reasonably calculated to make them known to all Company employees.
5. Review and monitor that the Company, its subsidiaries and foreign affiliated entities are in conformity with applicable legal requirements, including the Foreign Corrupt Practices Act, the Sarbanes-Oxley Act of 2002 and the Company's Code of Conduct and Ethics.
6. Discuss with management and the registered public accounting firm any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
7. Review and pre-approve all related party transactions.
8. Review periodically with the Company's counsel any significant legal compliance or regulatory matters, especially any such matters that could have a material effect on the Company's financial statements or compliance policies, including material notices to or inquiries received from governmental agencies.
9. Review and discuss any reports concerning material violations submitted to it by Company attorneys or outside counsel pursuant to the SEC attorney professional responsibility rules or otherwise.
10. Ensure that public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.
11. Review and approve (or deny) the Company's hiring of employees or former employees of the registered public accounting firm who participated in any capacity in the audits of the Company.
12. Perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.

V. Evaluation of the Audit Committee

The Committee shall, on an annual basis, consider ways to improve its performance under this Charter. In reviewing its performance, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and, with the Corporate Governance and Nominating Committee, review this Charter annually to be sure that this Charter remains relevant and complies with all applicable laws and rules. The Committee shall also consider all matters that the Committee deems relevant to its performance, including, but not limited to, the

adequacy, appropriateness and quality of the information and recommendations presented to the Committee by the management of the Company and the Company's registered public accounting firm, the manner in which issues were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall prepare and review with the Board the annual performance evaluation of the Committee, which report by the Chair of the Committee may take the form of an oral report and present any recommended changes in its Charter to the Board for review and approval.

VI. Investigations and Studies; Outside Advisors

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities under this Charter. The Committee may also conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and may retain, at the Company's expense, such independent counsel, accountants or other experts and advisers as it deems necessary or appropriate. The Committee shall have the sole authority to select, retain or terminate any such persons to assist the Committee in carrying out its responsibilities, including sole authority to approve their fees and other retention terms, such fees to be borne by the Company, without seeking approval of the Board or management.