

# ONESPAN INC.

## AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

### 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:

- The integrity of the Company's financial statements;
- The Company's internal accounting and financial reporting controls;
- The Company's compliance with legal and regulatory requirements;
- The Company's risk assessment and risk management, including risks regarding financial reporting, cybersecurity, legal compliance;
- The registered public accounting firm's qualifications and independence; and
- 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 shall discharge its responsibilities, and shall assess the information provided by the Company's management and registered public accounting firm, in accordance with its business judgment.

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

### Composition of the Audit Committee

Except as otherwise permitted by applicable Nasdaq rules, the Audit Committee shall consist of at least three members of the Board each of whom shall be an "independent director" as defined by Nasdaq Rule 5605(a)(2), meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (subject to the exemptions provided in

Rule 10A-3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of such member's appointment to the Audit Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC, at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).

The members of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee. Unless a Chair of the Committee is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The compensation of the Committee members shall be as determined by the Board. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in such member's capacity as a member of the Board or of a committee of the Board.

### **Meetings of the Audit Committee**

The Committee shall meet as often as necessary to fulfill its responsibilities, but at least quarterly. The Committee may also act by unanimous written consent in lieu of a meeting. 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 regularly to the Board, accompanied by any recommendations and other matters as the Committee may deem necessary or appropriate. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member) as it deems appropriate from time to time under the circumstances.

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 Advisors (as defined in Section VI below) to, the Committee.

## Authorities and Responsibilities of the Audit Committee

To fulfill its responsibilities and duties the Committee shall:

### 1. Review of Financial Reports/Releases

- a) 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 discussed by the applicable requirements of the Public Company Accounting Oversight Board (the "**PCAOB**") and SEC, including but not limited to:
  - i. Significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
  - ii. Restrictions on the scope of the registered public accounting firm's activities;
  - iii. Issues related to access to information requested by the registered public accounting firm;
  - iv. All critical accounting policies and practices used in the preparation of the reports;
  - v. 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;
  - vi. The registered public accounting firm's judgments about the quality and appropriateness of the Company's accounting principles;
  - vii. Reasonableness of significant estimates made by management;
  - viii. Significant changes in accounting principles, practices, judgments or estimates;
  - ix. Clarity and adequacy of disclosures;
  - x. Any potentially illegal acts or instances of fraud noted during the review or audit; and
  - xi. Significant disagreements between management and the registered public accounting firm.
- b) 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.
- c) Prepare a report in accordance with the SEC's rules and regulations for inclusion in the Company's annual proxy statement.
- d) 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.
- e) 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).

## 2. Oversight of the Registered Public Accounting Firm

- a) Have sole and direct responsibility for appointing, compensating, evaluating and, when appropriate, terminating the engagement of the registered public accounting firm, which shall report directly to the Committee. The Committee may, in its discretion, seek stockholder ratification of the registered public accounting firm it appoints. 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.
- b) Evaluate and oversee the independence of the registered public accounting firm. On an annual basis, the Committee shall obtain and review the written disclosures and the letter from the registered public accounting firm required by applicable requirements of the PCAOB regarding the the registered public accounting firm's communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the independent auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the registered public accounting firm.
- c) Ensure that the audit partner, who has primary responsibility for the audit, serves in that capacity for no more than five consecutive years.
- d) 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.
- e) Resolve any disagreement between the Company's management and the registered public accounting firm regarding financial reporting.
- f) Obtain and review the reports and other communications required to be made by the registered public accounting firm regarding:
  - i. All critical accounting policies and practices to be used,
  - ii. 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,
  - iii. 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, and
  - iv. All other matters required to be communicated by the independent auditor to the Audit Committee by the applicable requirements of the PCAOB.
- g) 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 completeness and accuracy of the Company's financial statements, and the qualifications, expertise and/or performance of the Company's financial management.
- h) Review the performance of the registered public accounting firm and discharge of the registered public accounting firm when circumstances warrant.

### 3. Internal Controls, Disclosure Controls and Financial Reporting Processes

- a) 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.
- b) 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.
- c) Review and discuss management's plan to monitor internal controls over financial reporting and review the results of such plan.
- d) 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.
- e) Review and monitor the compliance of the Company, its subsidiaries and foreign affiliated entities 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.
- f) 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.
- g) Review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K), including the Company's Related Person Transaction Policy, and recommend any changes to the Board.
- h) In accordance with the Company's Related Person Transaction Policy and Nasdaq rules, conduct appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis.
- i) Review the Company's cybersecurity program and cybersecurity risks.
- j) 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.
- k) 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.
- l) Ensure that public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.
- m) 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.
- n) 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.

### **Evaluation of the Audit Committee**

The Committee shall, on regular basis as it deems appropriate, 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. 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 any performance evaluation of the Committee, which may take the form of an oral report.

### **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 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, consultants or advisors ("Advisors") as it deems necessary or appropriate to assist the Committee in carrying out its duties. The Committee shall have the sole authority to select, retain or terminate any Advisor, including sole authority to approve the Advisor's fees and other retention terms. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such Advisors as approved by the Committee.