



ONESPAN INC. COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

I. Purpose of the Compensation Committee

The Board of Directors (the “Board”) of OneSpan Inc. (the “Company”) has constituted and established a Compensation Committee (the “Committee”) with authority, responsibility, and specific duties as described in this Compensation Committee Charter. The purposes of the Committee are: (i) to act on behalf of the Board to establish the compensation of the Company’s executive officers; (ii) to make recommendations to the Board regarding compensation of the Company’s non-employee directors; (iii) to administer the Company’s 2009 Executive Incentive Plan for annual incentive compensation; (iv) to administer the Company’s 1997 Stock Compensation Plan and 2009 Equity Incentive Plan; and (v) to prepare the Committee report required to be included in the Company’s annual report and proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “SEC”).

II. Composition of the Compensation Committee

The Committee shall consist of not less than three members. Each member of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee and shall be determined to be “independent”, as defined under rules of The NASDAQ Stock Market LLC (“NASDAQ”). Members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws. Each Committee member shall also be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The Committee’s chairperson (the “Chair”) shall be designated by the full Board or, if the full Board does not do so, the Committee members shall elect a Chair by vote of a majority of the full Committee.

Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or as promptly thereafter as is practicable. The members of the Committee serve at the pleasure of the Board and may be removed by a majority vote of the Board.

III. Authority and Responsibilities of the Compensation Committee

The Committee’s primary responsibility is to assure that the Company’s compensation programs and plans for executive officers are consistent with the Company’s objectives and policies, competitive practice, and the requirements of applicable laws and regulatory agencies.

More specifically, the Committee shall:

- Review, from time to time, the Company's compensation strategy to ensure that the Company's compensation programs and plans allow the Committee to structure the compensation of the chief executive officer ("CEO") and the other executive officers in a manner that is consistent with the Company's goals and objectives and stockholders' interests.
- Review and approve annually the Company's goals and objectives relevant to the compensation of the CEO and other executive officers, including both quantitative and qualitative goals and objectives, evaluate the CEO's and other executive officers' performance against those goals and objectives and set the CEO's and other executive officers' compensation based on this evaluation.
- Review, and, as appropriate, discuss with the CEO and the other executive officers the Company's compensation policies and practices for non-executive employees of the Company.
- Review annually the Company's compensation policies and practices for all employees, considering factors such as the general design philosophy of the Company's compensation policies and practices, the Company's assessment as to any material risks of the Company that result from the Company's compensation policies and practices (including how such policies and practices relate to risk management and risk taking incentives), and the extent to which the Company monitors its compensation policies and practices to determine whether its risk management objectives are being met with respect to incentivizing employees. To the extent the Committee identifies any risks in such policies or practices, the Committee shall discuss with management actions the Company may take to mitigate such risks.
- Review and discuss with management the Company's Compensation Discussion and Analysis (the "CD&A") required by the applicable rules and regulations of the SEC and, if appropriate, recommend to the Board that the CD&A be included in the Company's annual report and/or proxy statement, as required by the rules of the SEC.
- Review and discuss with management and, if appropriate, approve, any other compensation-related disclosure to be made in the Company's filings with the SEC.
- Prepare the Committee report required to be included in the Company's annual report or proxy statement by the applicable rules and regulations of the SEC.
- Review and periodically make recommendations, if needed, to the Board with respect to changes that should be considered in the Company's 2009 Executive Incentive Plan, and with respect to the 1997 Stock Compensation Plan, the 2009 Equity Incentive Plan and all other equity-based compensation plans maintained by the Company or proposed to be adopted by the Company.
- Exercise all rights, authority and functions of the Board under the Company's 2009 Executive Incentive Plan and all other cash incentive compensation plans in respect of the Company's executive officers, including, but not limited to, establishing qualitative and quantitative targets, payout curves, and guidelines regarding the payment of the cash incentive compensation, and reviewing and approving all payments of cash incentive compensation.
- Exercise all rights, authority and functions of the Board under the Company's 1997 Stock Compensation Plan, 2009 Equity Incentive Plan and all other equity-based compensation plans including, but not limited to, establishing policies and procedures with respect to grants of stock options and/or other equity-based awards, and reviewing and approving all grants of stock options and/or other equity-based awards; provided, however, that the Committee will recommend to the Board, for the Board's consideration and approval, the number of shares (or changes in the number of shares) to be reserved for issuance under any equity-based compensation plan. At the Committee's option, it may also establish guidelines for the executive officers' use in proposing equity awards for new employees of the Company.
- Establish and periodically review policies with respect to executive officer perquisites.
- Review and recommend to the Board the terms of any employment agreement or any amendment to an employment agreement proposed between the Company and any executive officer.
- Review and periodically make recommendations to the Board with respect to non-employee director compensation (including compensation for members of committees of the Board).
- Subject to applicable rules and regulations, form and delegate authority to one or more subcommittees when the Committee deems appropriate. Any subcommittee may consist of at least one of the Committee's members.

- Perform such other duties and responsibilities (i) as may be assigned to the Committee, from time to time, by the Board and/or the Chairman of the Board, (ii) as are set forth in the By-Laws of the Company, or (iii) as are designated in the plan documents of any equity-based compensation plan of the Company.

IV. Meetings of the Compensation Committee

The Committee will meet as often as necessary to carry out its responsibilities. 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 to the Board approved by the Committee.

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. Although the Committee may solicit the input of (1) the Chief Executive Officer regarding his compensation and the compensation of the other executive officers, and (2) the other executive officers regarding their own compensation, no executive officer shall be present during any deliberations or voting by the Committee regarding the compensation of any executive officer.

V. Evaluation of the Compensation 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 law 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 other advisors, 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 may take the form of an oral report by the Chair, and present any recommended changes in its Charter to the Board for review and approval.

VI. Investigations and Studies; Outside Advisers

The Committee may conduct, authorize, and oversee investigations into or studies of matters within its scope of responsibilities and, at the Company's expense, at the Committee's sole discretion, the Committee may retain, and shall be directly responsible for the oversight of such independent counsel, other advisers, or consultants as it deems necessary or appropriate to discharge its duties and responsibilities. The Committee shall have the sole authority to retain, oversee, or terminate a compensation consultant to assist it in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.

The Committee is authorized to select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following independence factors:

- the provision of other services to the Company by the adviser's employer;
- the amount of fees received from the Company to the adviser's employer, as a percentage of the total revenue of the employer;

- the policies and procedures of the adviser's employer that are designed to prevent conflicts of interest;
- any business or personal relationship of the adviser with a member of the Committee;
- any stock of the Company owned by the adviser; and
- any business or personal relationship of the adviser or the adviser's employer with an executive officer of the Company.