

BSQUARE CORPORATION
GOVERNANCE AND NOMINATING COMMITTEE CHARTER
April 18, 2011

I. Charter Overview

The purpose of this Charter is to identify the scope of the responsibilities of the Governance and Nominating Committee (the "Committee") of the Board of Directors (the "Board") of BSQUARE Corporation, a Washington corporation (the "Company") and the manner in which those responsibilities shall be performed.

The primary responsibilities of the Committee are to:

- develop and recommend to the Board criteria for selecting qualified director candidates;
- identify individuals qualified to become Board members;
- evaluate and select, or recommend to the Board (for approval of at least a majority of the independent directors, or such other number as may be required by the rules and regulations of The Nasdaq Stock Market ("Nasdaq") as in effect from time to time), director nominees for each election of directors;
- consider the Board's committee structure, the number and form of its committees, member qualifications, appointment and removal and make recommendations to the Board with respect these matters;
- recommend codes of conduct and codes of ethics applicable to the Company; and
- provide oversight in the evaluation of the Board and each committee.

II. Structure

The Committee shall comprise three or more directors each of whom shall be appointed by the Board. Members of the Committee shall satisfy the independence requirements of Nasdaq as in effect from time to time and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced by the Board. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. The Committee may, from time to time, delegate duties or responsibilities to subcommittees or to one member of the Committee, as appropriate.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties set forth in this Charter, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.

III. Meetings

The Committee shall meet from time to time (but at least once a year) as it deems necessary to fulfill its responsibilities set forth in this Charter, and may meet with management or individual directors at any time it deems appropriate to discuss any matters before the Committee. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. Unless otherwise determined by the Committee, meetings of the Committee will not be open to other members of the Board.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee.

IV. **Authority and Responsibilities**

To fulfill its responsibilities and duties, the Committee shall:

A. *Nominating Functions*

- Determine criteria for selecting new directors, including desired board skills and attributes, and identify and actively seek individuals qualified to become directors.
- Evaluate and select, or recommend to the Board, director nominees for each election of directors, as described below; provided, however, that if the Company is at any time legally required by contract or otherwise to provide any third party with the ability to nominate a director, the Committee need not evaluate or propose such nomination, unless required by contract or requested by the Board.
- Consider any nominations of director candidates validly made by shareholders.
- In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), recommend to the Board an individual to fill such vacancy and the class of directors in which the individual should serve.
- Make recommendations to the Board from time to time as to changes that the Committee believes to be desirable to the size of the Board or any committee thereof.
- Review and make recommendations to the Board concerning qualifications, appointment and removal of committee members.

B. *Governance Functions*

- Maintain a Code of Business Conduct and Ethics applicable to all employees and directors as required by the rules of Nasdaq and adopt procedures for monitoring and enforcing compliance with such Code of Business Conduct and Ethics. Review such Code of Business Conduct and Ethics periodically and recommend such changes to such Code of Business Conduct and Ethics as the Committee shall deem appropriate.
- Review and investigate conduct alleged by the Board, the Company's officers or otherwise, to be in violation of the Company's Code of Business Conduct and Ethics, and adopt, as necessary or appropriate, remedial, disciplinary, or other measures with respect to such conduct.

- Maintain a Code of Ethics for the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions, which Code of Ethics meets the requirements of Item 406 of Securities and Exchange Commission Regulation S-K, and provide for the prompt review and public disclosure of any change in, or waiver of, such Code of Ethics. Review such Code of Ethics periodically and recommend such changes to such Code of Ethics as the Committee shall deem appropriate.
- If requested by the Board, assist the Board in developing criteria for the evaluation of Board and committee performance, and in its evaluation of the performance of the Board and each committee of the Board.
- Review and recommend to the Board changes to the Company’s Articles of Incorporation and Bylaws as needed.
- Develop, as appropriate, orientation materials for new directors and corporate governance-related continuing education for all Board members.
- Report to the Board on the Committee’s activities, recommendations and conclusions, as appropriate.
- Produce and provide to the Board on an annual basis a performance evaluation of the Committee’s performance of its duties under this Charter. The evaluation shall also include any recommendations to improve this Charter. The performance evaluation shall be conducted in such a manner as the Committee deems appropriate. Any member of the Committee may present the evaluation to the Board either orally or in writing.
- Perform such other activities consistent with this Charter, the Company’s Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

V. Director Nomination Process

The Committee’s goal is to assemble a Board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In making its recommendations, the Committee shall consider such factors as it deems appropriate to develop a Board and committees that are diverse in nature and comprised of experienced and seasoned advisors. These factors may include judgment, knowledge, skill, diversity (including factors such as race, gender or experience), integrity, experience with businesses and other organizations of comparable size, including experience in software products and services, business, finance, administration or public service, the relevance of a candidate’s experience to the needs of the Company and experience of other Board members, familiarity with national and international business matters, experience with accounting rules and practices, the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members and the extent to which a candidate would be a desirable addition to the Board and any committees of the Board. In addition, directors are expected to be able to exercise their best business judgment when acting on behalf of the Company and its shareholders, act ethically at all times and adhere to the applicable provisions of the Company’s Code of Business Conduct and Ethics. Other than consideration of the foregoing and applicable SEC and Nasdaq requirements, unless determined otherwise by the Committee, there are no stated minimum criteria, qualities or skills for director nominees, although the Committee may also consider such other factors as it may deem are in the best interests of the Company and its shareholders, and provided that at least one member of the Board should meet the criteria for an “audit committee financial expert” as defined by applicable SEC rules, and a majority of

the members of the Board should meet the definition of "independent director" under applicable Nasdaq rules.

The Committee shall identify director nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service shall be considered for renomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. The Committee shall also take into account an incumbent director's performance as a Board member. If any member of the Board does not wish to continue in service, if the Board or the Committee decides not to renominate a member for reelection, or if the Board or the Committee decides to recommend that the size of the Board be increased, the Committee shall identify the desired skills and experience of a new nominee in light of the criteria described above. Current members of the Board and management shall be polled for suggestions as to individuals meeting the Committee's criteria. Research may also be performed to identify qualified individuals. Nominees for director shall be selected by a majority of the members of the Committee, with any current directors who may be nominees themselves abstaining from any vote relating to their own nomination.

It is the policy of the Board and the Committee to consider suggestions for persons to be nominated for director that are submitted by shareholders. The Committee will evaluate shareholder suggestions for director nominees in the same manner as they evaluate suggestions for director nominees made by management, then-current directors or other appropriate sources. Shareholders suggesting persons as director nominees should send information about a proposed nominee to the Secretary of the Company at the Company's address at least 120 days prior to the anniversary of the mailing date of the prior year's proxy statement. This information should be in writing and should include a signed statement by the proposed nominee that he or she is willing to serve as a director of the Company, a description of the nominee's relationship to the shareholder and any information that the shareholder feels will fully inform the Board about the proposed nominee and his or her qualifications. The Board or the Committee may request further information from the proposed nominee and the nominating shareholder (including proof of ownership and holding period) and may also seek the consent of both the nominee and the nominating shareholder to be identified in the Company's proxy statement.