

**SPS COMMERCE, INC.**  
**AUDIT COMMITTEE CHARTER**

**Adopted: February 25, 2014**

**PURPOSE**

The Audit Committee (the “*Committee*”) is appointed by the board of directors (the “*Board*”) of SPS Commerce, Inc. (the “*Company*”) to assist the Board in overseeing:

- management’s processes for ensuring the quality and integrity of the Company’s financial statements;
- the Company’s accounting and financial reporting processes and audits of its financial statements;
- management’s processes to monitor, control and report on significant corporate risk exposures;
- the qualifications, independence and performance of the Company’s independent auditor;
- management’s processes for ensuring compliance by the Company with legal and regulatory requirements;
- the Company’s system of disclosure, accounting and financial controls and legal and ethical compliance programs; and
- the Company’s investment and cash management policies.

Consistent with this function, the audit committee should encourage continuous improvement of, and should foster adherence to, the company’s policies, procedures, and practices at all levels.

**MEMBERSHIP**

The Committee shall consist of three or more directors, each of whom is able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. The members of the Committee shall be appointed by, and may be replaced by, the Board. Each member of the Committee shall meet the independence and experience requirements of the stock exchange or automated quotation system upon which the Company’s common stock is listed, if any (as may be modified or supplemented), federal securities laws and the rules and regulations of the Securities and Exchange Commission (“*SEC*”). At least one member of the Committee shall be an “audit committee financial expert” as defined by the SEC.

**AUTHORITY**

The Committee shall have the authority and responsibility to appoint and retain or replace the independent auditor, to determine the independent auditor’s compensation and terms of engagement, and to oversee the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall have the authority and responsibility to adopt, modify and oversee the Company’s investment and cash management policies; including to adopt and amend such policies and oversee management’s administration of these policies.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting, investment or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor and to any advisors employed by the Committee, and for the payment of administrative expenses of the

Committee that are necessary and appropriate in carrying out its duties. The Committee is empowered to investigate any matter brought to its attention.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, except for non-audit services that qualify for any de minimus exception under federal securities laws. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, so long as decisions of such subcommittee to grant pre-approvals are presented to the full Committee at its next scheduled meeting.

#### **MEETINGS AND COMMUNICATIONS**

The Committee shall meet as often as it determines necessary, but not less frequently than quarterly. A majority of the members shall constitute a quorum. The chairperson of the Committee shall be appointed by the Board. The Committee is to maintain free and open communications with the independent auditor, financial and senior management. This communication shall include separate executive sessions, at least annually, with each of these parties. The Committee shall make regular reports to the full Board, and shall provide the required report in the Company's annual proxy statement.

#### **RESPONSIBILITIES**

To fulfill its oversight role, the Committee will, to the extent it deems necessary or appropriate:

#### FINANCIAL STATEMENT AND DISCLOSURE MATTERS

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in Management's Discussion and Analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to their release and the filing of the Form 10-Q, including disclosures made in Management's Discussion and Analysis, and the results of the independent auditor's review of the quarterly financial statements.
3. Review other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor.
4. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
5. At least annually, review with management the effectiveness of the Company's disclosure controls and procedures.
6. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any actions to be taken in light of significant or material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting.
7. Review and discuss with management and the independent auditors the Company's report regarding internal control over financial reporting and the related attestation report prepared by the independent auditor prior to the filing of the Company's Form 10-K.

8. Review and discuss reports received, at least annually, from the independent auditors on:
  - (a) All critical accounting policies and practices used.
  - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - (c) Material written communications between the independent auditor and management, including any management letter or schedule of unadjusted differences.
9. Discuss with management the types of information and types of presentations to be made in the Company's earnings releases, and provided to analysts and rating agencies.
10. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, changes in generally accepted accounting principles, and off-balance sheet structures on the Company's financial statements.
11. Discuss with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

#### OVERSIGHT OF THE COMPANY'S RELATIONSHIP WITH THE INDEPENDENT AUDITOR

12. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
13. Review and evaluate the lead partner of the independent auditor team.
14. Obtain and review a written report from the independent auditor at least annually regarding
  - (a) the independent auditor's internal quality control procedures,
  - (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,
  - (c) any steps taken to deal with any such issues, and
  - (d) all relationships between the independent auditor and the Company, consistent with applicable rules of the Public Company Accounting Oversight Board.
15. Discuss with the independent auditor any relationships or services that may impact the objectivity and independence of the independent auditor.
16. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management. The Committee shall present its conclusions with respect to the independent auditor to the Board.
17. Ensure the rotation of the lead audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
18. Review and approve both audit and nonaudit services to be provided by the independent auditor. The authority to grant preapprovals may be delegated to one or more designated members of the

Committee, whose decisions will be presented to the full Committee at its next regularly scheduled meeting.

19. Establish policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
20. Require the independent auditor to review and discuss with the Committee issues on which the Company's audit team consulted with the national office of the independent auditor.
21. Meet with the independent auditor in a timely manner to discuss the planning and staffing of the audit.

#### OVERSIGHT OVER COMPLIANCE AND CONTROLS

22. Review periodically with management and the independent auditor the design and operating effectiveness of the Company's internal controls and any significant findings together with management's response. Review quarterly the disclosures made by the Company's CEO and CFO during their certification process for the Company's periodic reports about any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting and any fraud involving management or other employees who have a significant role in the Company's internal controls.
23. Obtain from the independent auditor assurance that it has not detected or become aware of any illegal acts involving the Company.
24. Periodically review the Code of Business Conduct and Ethics and the Insider Trading Policy applicable to Company directors, officers and employees, review any reports from management, the Company's counsel and the independent auditor regarding compliance by the Company and its affiliates with applicable legal requirements and such codes and policy, advise the Board regarding such compliance and recommend to the Board any changes to such code and policy.
25. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters.
26. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. Discuss with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
28. Review and approve related party transactions between the Company and its officers, directors, any nominee for director, any stockholder owning more than five percent of any class of voting stock, or immediate family members of any of the foregoing.

#### OVERSIGHT OVER INVESTMENT AND CASH MANAGEMENT POLICIES

29. Establish an investment and cash management policy for the Company's cash and investment assets.
30. Review and approve modifications of the Company's investment and cash management policies.
31. Oversee management's administration of these policies, including the appointment of investment consultants, advisors, custodians and managers of the Company's cash and investment assets.

## OTHER MATTERS

32. Review and approve the report required by the rules of the SEC to be included in the Company's annual proxy statement.
33. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
34. Annually review the performance of the Committee.

## **LIMITATION OF COMMITTEE'S ROLE**

The Committee relies on the expertise and knowledge of management, the independent auditor, investment advisors, legal counsel and other advisors in carrying out its oversight responsibilities. It is not the duty of the Committee to plan or conduct audits, to determine that the Company's financial statements and disclosures are complete, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations or to make specific investment asset management decisions. These are the responsibilities of the independent auditor and management. Management is also responsible for establishing and maintaining an appropriate system of (i) internal controls and procedures for financial reporting, and (ii) disclosure controls and procedures, in accordance with applicable law.

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