

**Blackhawk Network
Internal Audit Charter
Fiscal Year 2018**

Mission:

Internal Audit (IA) is an independent and objective function that adds value by assisting Blackhawk Network accomplish its objectives through an assurance and consultative approach.

Specifically, IA evaluates and provides recommendations to enhance the effectiveness, efficiency and scalability of the company's processes, information systems, and controls; evaluates and recommends improvement in the effectiveness of the company's risk management and governance processes.

Organization and Authority:

To enhance the independence of Internal Audit, the VP - Internal Audit reports functionally to the Audit Committee and administratively to the Chief Financial Officer (CFO). The VP - Internal Audit will report audit results to the Audit Committee.

The VP - Internal Audit will communicate and interact directly with the Board of Directors, in regularly scheduled sessions and between Board meetings as appropriate.

The Internal Audit function, with strict accountability for confidentiality and safeguarding records and information, is granted unrestricted access to records, physical properties, personnel (subject to any limitations prescribed by applicable laws and regulations) pertinent to carrying out any engagement. The internal audit function will also have free and unrestricted access to the Board and to the Audit Committee.

Independence and Objectivity:

The VP - Internal Audit and the internal auditors are not authorized to:

- have direct operational responsibility or authority over any of the activities audited;
- initiate or approve accounting transactions external to the Internal Audit function;
- direct the activities of any Blackhawk Network employee not employed by Internal Audit, except to the extent such employees have been assigned to assist Internal Audit or are assisting in compliance efforts overseen by Internal Audit.

The VP - Internal Audit will confirm to the Audit Committee of the Board, at least annually, the organizational independence of the IA function.

Scope and Responsibilities:

The VP - Internal Audit and the internal audit function are responsible for:

- executing the internal audit plan and presenting timely written reports to appropriate members of management, including a description of IA's observations, management action plans addressing the observations, and anticipated remediation dates;
- performing timely follow-up with management to verify action plans have been Implemented;

- investigating or assisting investigations of potential fraudulent activities, as necessary;
- conducting special projects at the request of management or the Audit Committee;
- providing additional consultative services as necessary, to enhance the overall process and control environment of the company;
- reviewing the results of internal audits and follow-up activities with Executive Management and the Audit Committee;
- providing periodic updates on IA's staffing and budgets to the Blackhawk Network CFO and/or the Audit Committee;
- periodically benchmarking IA's activities and costs with other relevant companies;
- coordinating IA's efforts with other Blackhawk Network compliance and governance functions and the independent auditors to maximize the efficiency and effectiveness of the audit process;
- maintaining a professional audit staff with appropriate knowledge, skills and experience;
- engaging the services of qualified external service providers to assist in the completion of audits and projects as appropriate;
- establishing effective professional relationships within the IA function and with internal clients, the external auditors, and other third parties;
- communicating to senior management and the Board on the IA activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years. The first assessment will be performed by calendar year-end 2019.

The responsibility for establishing and maintaining a system of internal controls, including the ongoing monitoring of business processes and transactions, is the responsibility of Blackhawk Network's management team, with oversight by the Audit Committee of the Board of Directors.

Internal Audit Plan:

At least annually, the VP - Internal Audit will submit to the Audit Committee an internal audit plan for review and approval. Development and maintenance of the IA plan includes, but is not limited to:

- performing an annual risk assessment with executive management and other relevant functions to identify the company's key risks;
- developing an audit plan that considers the annual risk assessment and historical audit results. The scope of this plan may include:
 - audits of processes and information systems to confirm the company's assets are safeguarded and the company complies with underlying policies and procedures, contracts, and applicable laws and regulations;
 - audits to verify the reliability and integrity of financial and operational information;

- procedures to meet Sarbanes-Oxley Act (SOX), Statements on Standards for Attestation Engagements (SSAE), International Organization for Standardization (ISO) and other regulatory requirements;
- special projects at the request of management or the Audit Committee; and
- consultative services as necessary, to enhance the overall process and control environment of the company.

The internal audit plan will be revised as necessary to accommodate special reviews, investigations, and other unplanned events, and the VP - Internal Audit will notify the Audit Committee of these changes.

Professional Standards and Proficiency:

The members of the Internal Audit function will adhere to the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. In addition, IA will adhere to Blackhawk Network's Code of Business Conduct, relevant policies and procedures and the IA department's standard operating procedures.

Internal auditors must possess the knowledge, skills, and other competencies in order to carry out their individual responsibilities and will maintain or enhance their knowledge and skills through continuing professional development.

Internal Audit Charter Approval:

This Charter, including any updates, is reviewed and approved at least annually by the Blackhawk Network CFO and the Chairman of the Audit Committee.

Internal Audit Charter Approvals

Approved this 9th day of October 2017

VP - Internal Audit

Chief Financial Officer

Chairman of the Audit Committee