

**CHARTER OF THE  
COMPENSATION AND EXECUTIVE ORGANIZATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. PURPOSE OF COMMITTEE**

The purpose of the Compensation and Executive Organization Committee (the “Committee”) of the Board of Directors (the “Board”) of The Hershey Company (the “Company”) is to discharge the Board’s responsibilities relating to compensation of the Company’s executives and directors, to produce an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”), to oversee the establishment and maintenance of the Company’s compensation and incentive programs and to oversee the development and implementation of succession planning for Company senior management positions.

**II. COMMITTEE MEMBERSHIP**

The Committee shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange, Inc. and the Company’s Corporate Governance Guidelines (the “Governance Guidelines”).

Members and the chairperson shall be appointed by the Board as set forth in the Governance Guidelines.

**III. COMMITTEE OPERATIONS**

The Committee shall meet in person or telephonically at least four times a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by written consent, when deemed necessary or desirable by the Committee or its chairperson.

The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation and succession planning discussions. The Company’s Chief Executive Officer (“CEO”) should not attend any meeting where the CEO’s performance or compensation is discussed, unless specifically invited by the Committee.

**IV. COMMITTEE DUTIES AND RESPONSIBILITIES**

The following are the duties and responsibilities of the Committee:

1. In consultation with senior management, establish the Company’s general compensation philosophy, and oversee the development and implementation of compensation programs.

2. Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and recommend to the independent directors as a group the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company's performance, both in absolute terms and relative to the performance of comparable companies, the Company's relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years and/or such other factors deemed relevant by the Committee.
3. Review and approve compensation programs applicable to the elected officers (other than the CEO) and senior management employees of the Company and approve the salaries of such elected officers and selected key management employees.
4. Make recommendations (including recommendations regarding stockholder approval) to the Board with respect to any new equity compensation plan or any material change to an existing equity compensation plan where stockholder approval of such new plan or material change is required under the rules of the New York Stock Exchange, Inc. and otherwise make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans, including the Equity and Incentive Compensation Plan (EICP) (which is an amendment and restatement of the Company's former Key Employee Incentive Plan that became effective April 17, 2007), oversee the activities of the individuals and committees responsible for administering these plans, including the CEO and the Employee Benefits Committee, and discharge any responsibilities imposed on the Committee by any of these plans.
5. Administer the Company's Supplemental Executive Retirement Plan (SERP).
6. In consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when desired, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
7. Review and discuss with management the Compensation Discussion and Analysis (CD&A) required by SEC rules and regulations, and recommend to the full Board, if and as appropriate, inclusion of the CD&A in the Company's annual proxy statement; the Committee along with the other independent directors will review and discuss the CD&A provisions dealing with CEO compensation with management and, if and as appropriate, recommend the inclusion of these provisions of the CD&A in the Company's annual proxy statement.
8. Review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.
9. In conjunction with the CEO, review the executive organization of the Company and oversee the succession planning process, including development of personnel to fill key management positions and implementation of succession planning for senior

management positions. Succession plans shall be reviewed by the full Board, with the Committee's input.

10. After reviewing the recommendations of the CEO, recommend to the Board of Directors officers of the Company for election.
11. After reviewing the recommendations of the CEO, determine participants, levels of participation and terms of the Company's Executive Benefits Protection Plans and Employee Benefits Protection Plan and administer such plans.
12. Review the form and amount of director compensation at least annually, and make appropriate recommendations to the Board after due consideration of the responsibilities assumed and the director compensation of similarly situated companies.
13. Prepare and issue the evaluations and reports required under "Committee Reports" below.
14. Execute any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs and succession planning.

#### **V. DELEGATION TO SUBCOMMITTEE**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee and, pursuant to the provisions of the EICP, may appoint the CEO as a committee of the Board as necessary for the purpose of making equity grants under the EICP; provided, however, the Committee may not delegate the approval of certain transactions to a subcommittee or to the CEO if such transactions involve the approval or grant of equity-based compensation to an "officer" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, ("Exchange Act") or a "covered employee" for purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time, ("Code") unless such subcommittee consists solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Exchange Act, and (ii) "outside directors" for the purposes of Section 162(m) of the Code.

#### **VI. COMMITTEE REPORTS**

The Committee shall produce the following reports and provide them to the Board.

1. An annual Compensation Committee Report for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by

the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

3. A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

## **VII. RESOURCES AND AUTHORITY OF THE COMMITTEE**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to compensation consultants retained to assist in the evaluation of director, CEO or senior executive compensation, this authority shall be vested solely in the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment to such third parties and for administrative expenses that are necessary or appropriate for the Committee in carrying out its duties.