

At The Hershey Company ("Hershey" or "Company") we set high ethical standards for the Company and our directors, officers and employees. Integrity was a key value of the Company when it was established by Milton Hershey more than a century ago, and it remains an essential part of our culture to this day.

We are committed to excellence in corporate governance, and are blessed with a top quality Board of Directors. Our Corporate Governance Guidelines ("Guidelines") were approved by the Board on February 17, 2004, amended and restated on February 15, 2005, February 16, 2006 and February 13, 2007, and are reviewed annually. These Guidelines, along with the committee charters, Code of Ethical Business Conduct and other governance materials are available on this website. Some highlights:

Independent Directors

- The Guidelines provide that the Board must consist of at least a majority of independent directors. Hershey has adopted this provision even though not required to do so, and the independence of directors is determined by the Board with reference to criteria significantly more stringent than those employed by the New York Stock Exchange in its listing standards.
- The Guidelines require the Board to evaluate the independence of directors at least annually. Each director is expected to review the independence criteria set forth in the Guidelines in conjunction with each Board meeting and to advise the Chair of the Governance Committee promptly if at any time there are developments that might affect his or her independence.
- All members of the Audit Committee, the Compensation and Executive Organization Committee and the Governance Committee are independent. All members of the Executive Committee are independent apart from the Chairman and CEO. Unless the Board determines otherwise, any transaction not in the ordinary course of business between the Company and Hershey Trust Company or related entities must be approved in advance by the independent members of the Executive Committee.
- The non-management directors meet in executive session at the conclusion of each Board meeting. These sessions are chaired by independent directors on a rotating basis. Executive sessions are also scheduled for each committee meeting.

Informed and Engaged Directors

- Information relevant to agenda items is submitted to directors in advance.
- Board members are expected to attend all meetings of the Board and their committees, as well as the Annual Meeting of Stockholders. Director participation is reviewed as part of the annual evaluation process.
- The orientation program for new directors includes individual meetings with members of management, tours of key facilities, and review of materials relating to the Company's business and corporate governance.
- Directors are encouraged to attend ongoing education programs and are reimbursed for attendance at one program per year. At or before each Board meeting, directors are informed of significant business and/or legal developments affecting the Company and significant developments affecting the Board members' obligations as directors. The members of each committee are advised of significant business and legal matters relevant to their committees at or before each committee meeting.
- Performance of the Board, the committees and the directors is regularly reviewed, and corporate governance practices are evaluated at least annually.

Director Interests are Aligned with Stockholder Interests

- Directors are elected annually-there is no classified Board.
- One-sixth of the directors are elected by the holders of Common Stock voting separately as a class. The remaining five-sixths are elected by the holders of Common Stock and Class B Common Stock voting together.

- Directors are subject to stock ownership requirements, as are officers.

The Board Exercises Strong Oversight

- Board members review the Company's strategic plan annually, and are expected to participate in an active review.
- The Guidelines require Board oversight of succession planning, and set forth procedures to be followed in the event of a sudden vacancy in the position of Chairman, President and CEO.
- The Audit Committee has sole authority to approve audit engagement fees and terms for the independent auditors. The head of the internal audit department reports functionally to the Chair of the Audit Committee, and both the internal audit group and the independent auditors keep the Audit Committee advised of any issues relating to their audits as well as changes to relevant accounting rules. All members of the Audit Committee are financially literate and the Committee includes more than one financial expert. All audit and non-audit fees are subject to Audit Committee approval.
- Board members have full and free access to Company officers and employees, and have the authority to hire independent legal, financial or other advisors without consulting with or obtaining approval from management.

The Code of Ethical Business Conduct is Comprehensive and Communication is Encouraged

- The Code of Ethical Business Conduct is reviewed annually. It is available on the internet, the Company intranet and in the form of a booklet distributed to all employees worldwide (and translated into 6 languages).
- All employees must undergo training and annually certify their adherence to the Code.
- The Company's Ethical Business Practices Committee provides guidance and oversees investigations.
- The Company maintains a Concern Line, and it is staffed by an independent third party, for receipt of reports by use of a toll-free number or electronically. Reports may be received anonymously by these methods, or by mail. Contact information is printed in the Code, on posters displayed at Company facilities and on wallet-size cards distributed to all employees. The Board has approved the Company's Procedures For Submission & Handling of Complaints Regarding Compliance Matters. Stockholders may also contact the independent directors or the Audit Committee by mail, electronically, or by use of the same toll-free number.
- Retaliation for good faith submission of a report is against Company policy. The Company encourages good faith reporting of concerns.