

## **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **I. COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of The Hershey Company (the “Company”) shall consist of at least three directors, 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., the Sarbanes-Oxley Act of 2002, as amended, and the rules promulgated thereunder, and the Company’s Corporate Governance Guidelines (“Governance Guidelines”). The Board shall also determine that each member is “financially literate,” and that one member of the Committee has “accounting or related financial management expertise,” as such qualifications are interpreted by the Board in its business judgment and whether any member of the Committee is an “audit committee financial expert,” as defined by the rules of the Securities and Exchange Commission (the “SEC”). If the Board has determined that a member of the Audit Committee is an audit committee financial expert, it may presume that such member has accounting or related financial management expertise.

No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee, and discloses this determination in the Company’s annual proxy statement or on the Company’s website.

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

### **II. PURPOSES OF THE COMMITTEE**

The purposes of the Committee are to:

1. assist Board oversight of (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independent auditors’ qualifications and independence; and (iv) the performance of the independent auditors and the Company’s internal audit function; and
2. prepare the report required to be prepared by the Committee pursuant to the rules of the SEC for inclusion in the Company’s annual proxy statement.

The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements and for the effectiveness of internal control over financial reporting. Management also is responsible for developing, maintaining and documenting appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The internal audit department is responsible for performing independent, objective assessments of management’s system of internal controls and policies and procedures and reporting on their degree of effectiveness. The

independent auditors are responsible for planning and carrying out a proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, annually auditing the effectiveness of the Company's internal control over financial reporting, and other procedures. The independent auditors are also responsible for reading and commenting on the Company's filings on Form 8-K and any press releases it issues regarding the Company's financial performance or accounting practices. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards.

The independent auditors for the Company are accountable to the Board and the Committee as representatives of the stockholders. The Committee is directly responsible for the appointment, retention, compensation and oversight of the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting). The independent auditors shall report directly to the Committee.

The independent auditors shall submit to the Committee annually a formal written statement (the "Auditors' Statement") describing: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, 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 auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the independent auditors and the Company including each non-audit service provided to the Company and the matters set forth in the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB").

The independent auditors shall submit to the Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

### III. **MEETINGS OF THE COMMITTEE**

The Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Committee should meet separately at least quarterly or more frequently at the discretion of the Committee Chair, with management, the head of the internal audit function and the independent auditors to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can speak to and hear each other.

### IV. **DUTIES AND POWERS OF THE COMMITTEE**

To carry out its purposes, the Committee shall have the following duties and powers:

1. with respect to the independent auditors,
  - a. to directly appoint, retain, compensate, evaluate and terminate (i) the independent auditors including sole authority to approve all audit engagement fees and terms and (ii) any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report, review or attestation services;
  - b. to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors;
  - c. to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Company's independent auditors;
  - d. to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles (GAAP) of policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences;
  - e. to discuss with the independent auditors any significant issues arising from the most recent PCAOB inspection of the independent auditors, to the extent relevant to the Company, including the independent auditors' response to any identified accounting deficiencies;

- f. to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors;
  - g. to discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner;
  - h. to take into account the opinions of management and the Company's internal audit department in assessing the independent auditors' qualifications, performance and independence; and
  - i. to instruct the independent auditors that the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the stockholders;
2. with respect to the internal audit department,
- a. to approve the overall charter of the internal audit department;
  - b. to approve the appointment and replacement of the head of the internal audit function;
  - c. to approve the annual compensation and salary adjustment of the head of the internal audit function;
  - d. to review and approve the annual internal audit plan and monitor adherence to the plan;
  - e. to advise the head of the internal audit function that he or she is expected to provide to the Committee summaries of and, as appropriate, the significant reports to management prepared by the internal audit department and management's responses thereto; and
  - f. to make appropriate inquiries of management and the head of the internal audit function to determine whether there are scope or budgetary limitations that impede the ability of the internal audit department to execute its responsibilities;
3. with respect to financial reporting, accounting principles and policies and internal control over financial reporting,
- a. to advise management, the internal audit department and the independent auditors that they are expected to provide to the Committee a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting;
  - b. to consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the independent auditors required by or referred to in applicable PCAOB standards or other applicable standards;
  - c. to meet with management, the independent auditors and the head of the internal audit function:

- to discuss the scope of the annual audit;
  - to review and discuss the annual audited financial statements and quarterly financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
  - to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the internal audit department or the independent auditors, relating to the Company's financial statements;
  - to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
  - to discuss any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
  - to review the form of opinion the independent auditors propose to render to the Board and stockholders;
  - to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- d. to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
- e. to consult with the Finance and Risk Management Committee of the Board regarding the guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk;
- f. to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934,

as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934;

- g. to discuss and review the type and presentation of information to be included in earnings press releases;
  - h. to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;
  - i. to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;
  - j. to establish hiring policies for employees or former employees of the independent auditors;
  - k. to discuss with the Company's general counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies; and
  - l. to discuss with the Company's chief executive officer, chief financial officer and general counsel the communication and monitoring of, and compliance with, the Company's Code of Ethical Business Conduct; and
4. with respect to reporting and recommendations,
- a. to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
  - b. to review this Charter at least annually and recommend any changes to the full Board;
  - c. to report its activities to the full Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and
  - d. to prepare and review with the Board 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 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.

V. **DELEGATION TO SUBCOMMITTEE**

The Committee may, to the extent permitted by law or by the applicable listing standards of the New York Stock Exchange, Inc., delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

VI. **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 or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management. The Company shall provide for appropriate funding, as determined by the Committee, for payment to such third parties and the independent auditors, and for administrative expenses that are necessary or appropriate for the Committee in carrying out its duties.

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