

GOVERNANCE

THE PRIMARY OBJECTIVE OF THE BOARD IS TO BUILD LONG-TERM SHAREHOLDER VALUE WITH DUE REGARD TO OTHER STAKEHOLDER INTERESTS. IT DOES THIS BY GUIDING STRATEGIC DIRECTION AND CONTEXT AND FOCUSING ON ISSUES CRITICAL FOR ITS SUCCESSFUL EXECUTION.

The Board's Charter sets out the governance principles, authority, responsibilities, membership and operation of the Board of Directors. This governance statement outlines the main corporate governance practices as at 21 August 2017. A full statement is available to view at www.comvita.co.nz.

Compliance

The best practice principles which the Company considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules relating to corporate governance, the NZX Corporate Governance Best Practice Code, and the New Zealand Securities Commission Corporate Governance Principles and Guidelines (collectively the "Principles"). The Board's view is that the Company's corporate governance principles, policies, and practices do not materially differ from best practice 'Principles'. The Company's constitution, the Board and committee charters and roles, codes and policies referred to in this section are available to view at www.comvita.co.nz.

Governance Principles And Guidelines

PRINCIPLE 1 – ETHICAL STANDARDS

Directors observe and foster high ethical standards. The Company expects its Directors, Officers, and Employees to act legally, to maintain high ethical standards, and to act with integrity consistent with Comvita's policies, guiding principles and values. A Code of Ethics sets out these standards for Directors. The Company has adopted policies to ensure it maintains high standards of performance and behaviour when dealing with the Company's customers, suppliers, shareholders and staff. Specific policies are in place relating to the environment, Privacy Act requirements, confidentiality of Company information, conflicts of interest, complaints from stakeholders, and trading in Company securities.

Trading in Comvita Securities

On a continuing basis, the Board considers whether any matters under consideration are likely to materially influence the present or future market expectations of the Company, including the share value. It then determines whether or not

there continues to be an 'open window' for share trading by Directors or Officers of the Company. The policy is for a specific declaration in respect of this matter to be made as appropriate. All proposed transactions by Directors or Officers require specific prior approval by the Board Chair and the Chair requires approval from the Chair of the Audit & Risk Committee.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

There is a balance of independence, skills, knowledge, experience and perspective among Directors that allows the Board to work effectively.

Board Size and Composition

The Board is comprised of Directors with a mix of qualifications, skills and experience appropriate to the Company's business. The Constitution provides for the Directors annually to elect one of their number as Chairperson of the Board.

Gender Composition of Directors and Officers

The Company is committed to diversity in its employment of individuals at all levels in the organisation. As at 30 June 2017, the Board had two female Directors in a total of eight Directors and one female Officer (2016: two female Directors and one female Officer). There are nine women in Senior Executive roles in the Company (2016: six).

Independence of Directors

For a Director to be considered to be independent, the fundamental consideration in the opinion of the Board is that the Director be independent of the Executive and not have any relationship that could, or could be perceived, to interfere materially with the Director's exercise of his/her unfettered and independent judgement.

Having considered these matters and the composition of the Board, the Company considers the Directors hold an appropriate mix of skills, expertise and independence. The Comvita Board has reviewed which of its Directors are

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deemed to be independent in terms of NZX Listing Rules and has determined that all directors are independent. The Board therefore determines that the majority of Directors in Comvita are Independent Directors, including the Chairs of the Audit & Risk, and Remuneration & Human Resources Committees.

Responsibilities of the Board and Executive

The business and affairs of the Company are managed under the direction of the Board of Directors on behalf of shareholders. The Board's responsibilities are outlined on the Company's website www.comvita.co.nz. Responsibility for the day-to-day operations and administration is delegated by the Board to the Chief Executive, and the Leadership team.

Appointment and Retirement of Directors

At each Annual Shareholders Meeting two of the Directors retire by rotation and are eligible to apply for re-election, along with any appointments made since the previous Annual Shareholders Meeting. The Company does not pay retirement benefits to any Director on retirement.

Board Processes

The Board has a regular onsite meeting schedule complemented by teleconference meetings. There were 10 Board meetings and 12 teleconference special meetings for the year ending 30 June 2017.

Board Composition and Performance Review

The Board regularly reviews its composition and as a result has introduced three new Directors in the last two and a half years. During the previous period, the Board initiated a performance review by external consultants. This was completed in July 2016.

PRINCIPLE 3 – BOARD COMMITTEES

The Board uses Committees where this enhances the effectiveness in key areas while retaining Board responsibility.

The Board operates two Committees to assist in the execution of the Board's duties: the Remuneration & Human Resources Committee and the Audit & Risk Committee. Each Committee has a specific Charter which can be viewed at the Company's website www.comvita.co.nz. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. All matters determined by Committees are submitted to the full Board as recommendations for Board decision.

Remuneration & Human Resources Committee

The Remuneration & HR Committee comprises of Murray Denyer (Chair), Alan Bougen, Sarah Ottrey, Neil Craig and Brett Hewlett and met four times during the period. The Committee recommends the remuneration policies and packages, including performance incentives for the Chief Executive Officer and the Leadership team. Additionally it reviews: the performance of the Chief Executive Officer; succession planning for the Senior Executive team and the Board; risk and compliance monitoring in relation to the Company's human resources and operational health and safety oversight; the Company's performance in respect of responsible governance, and remuneration policies and guidelines for Directors.

Audit & Risk Committee

The Audit & Risk Committee comprises Luke Bunt (Chair), Alan Bougen, Sarah Kennedy, Neil Craig and Paul Reid and met three times during the period. The Committee reviews the annual audit process, the financial and operational information provided to the stakeholders and others, the management of business risk to the organisation, and the framework of internal control and governance which the Leadership team and the Board have established. The Chief Executive Officer, Chief Financial Officer and General Manager Finance regularly attend meetings. The Company's external auditors attend Committee meetings as deemed necessary by the Committee.

Board Member	Board		Conference Calls & Special Meetings		Audit & Risk		Remuneration & HR	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Neil Craig	10	10	12	12	3	3	4	4
Alan Bougen	10	10	12	9	3	2	4	3
Luke Bunt	10	9	12	8	3	3	-	-
David Cullwick *	3	3	6	5	1	1	-	-
Murray Denyer	10	10	12	11	-	-	4	4
Brett Hewlett **	2	2	1	1	-	-	1	1
Sarah Kennedy	10	9	12	7	3	1	-	-
Sarah Ottrey	10	9	12	10	-	-	4	4
Paul Reid **	2	2	1	1	1	1	-	-

* David Cullwick retired from the Board at the 26 October 2016 Annual Shareholder Meeting

** Brett Hewlett and Paul Reid joined the Board on 18 October 2017 (to be formally elected by shareholders at the October 2017 ASM)

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PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosure on entity affairs.

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company.

Financial Reporting

The Audit & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit. Management accountability for the integrity of the Company's financial reporting is reinforced by the certification from the Chief Executive Officer and Chief Financial Officer in writing that the Company's financial report presents a true and fair view in all material aspects.

Timely and Balanced Disclosure

Continuous disclosure obligations of NZX require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company has policies and monitoring in place to ensure that it complies with these obligations.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and Senior Executives is transparent, fair and reasonable. Making sure team members and Directors get the rewards they deserve is the responsibility of the Remuneration & Human Resources Committee, a committee of the Board.

Non-Executive Directors Remuneration

The fees payable to the Non-Executive Directors are determined by the Board within the aggregate amount approved by shareholders. The Board considers external information of peer companies in terms of scale and complexity when setting remuneration levels. The current Directors' fee pool limit is \$610,000 approved at the 2016 annual shareholders meeting.

Senior Executive Remuneration

Senior Executives remuneration is made up of: base or fixed remuneration; an 'at-risk' component based around individual 'balanced scorecard' performance in the year; and a share of a bonus pool if shareholder value targets are achieved, subject to Board approval. In addition, 64 executives qualify to participate in a long term executive share scheme plan.

Staff Remuneration

All staff participate in a bonus pool based on the Company attaining the agreed budget. In addition all staff have the opportunity to participate in a share purchase scheme. The Company provides a non-interest bearing loan of up to \$2,340 to assist staff to purchase Comvita shares.

PRINCIPLE 6 – RISK MANAGEMENT

The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks through monthly board reporting of the Strategic Risk Register and Operational Risk Register.

Business Risks

The Chief Executive Officer and Leadership team are required to regularly identify the major risks affecting the business into a risk management register and to develop strategies to mitigate these risks. Significant risks are discussed at each Board meeting, or as required. The Company maintains insurance policies that it considers adequate to meet the insurable risks of the Group. Exposure to any foreign exchange risk is managed in accordance with policies laid down by the Directors.

Health and Safety

The Company employs a Global Health and Safety Manager and operates a Health and Safety Committee to identify workplace hazards, and monitor and review compliance with the Company's documented occupational Health and Safety policies and procedures. Health and Safety review reports are a priority agenda item at all Board meetings and specific reviews are sought as required. The Board undertakes ongoing Health and Safety education and visits key operational sites on a regular schedule.

Chief Executive Officer and Chief Financial Officer Assurance

The Chief Executive Officer and Chief Financial Officer have provided the Board with written confirmation that the Company's 2017 financial statements are founded on a sound system of risk management and internal compliance and control; and that all such systems are operating efficiently and effectively in all material respects.

Risk Monitoring

The Audit & Risk Committee reviews the Company's risk management policies and processes and the Leadership team provides an updated risk assessment profile to each meeting of the Board. The Remuneration & Human Resources Committee reviews human resource management risks.

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PRINCIPLE 7 – AUDITORS

The Board ensures the quality and independence of the external audit process.

Independence

To ensure the independence of the Company's external auditor is maintained, the Board has agreed the external auditor should not provide any services not permitted under International Federation of Accountants regulations. This is monitored by the Audit & Risk Committee.

External Auditor

Comvita's external auditor is KPMG. KPMG was re-appointed by shareholders at the 2016 Annual Shareholders Meeting in accordance with the provisions of the Companies Act 1993. KPMG were first appointed as auditors in 1998. KPMG has been invited to attend this year's Annual Shareholders Meeting and will be available to answer questions about the audit process, Comvita's accounting policies and the independence of the auditor.

PRINCIPLE 8 – SHAREHOLDER RELATIONS

The Board fosters constructive relationships with shareholders which encourages them to engage with the Company. The Board aims to ensure shareholders are provided with all information necessary to assess the Company's strategic direction and performance.

They do this through a communication strategy which includes:

- Periodic and continuous disclosure to NZX;
- Information provided to media and briefings to major shareholders;
- Half-year and annual reports;
- Chief Executive's Report to shareholders approximately every six months;
- The Company's website with an investor relations section;
- Future direction presentation at the Annual Shareholders Meeting which is conducted in a very open manner, and a range of questions are considered.

PRINCIPLE 9 – STAKEHOLDER INTERESTS

The Board respects the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose. Comvita aims to manage its business in a way that will produce positive outcomes for all stakeholders including the public, customers, employees, shareholders and suppliers. The Company is strongly committed to acting in a socially responsible manner with all stakeholders, including the wider community.

DIRECTORS

COMVITA BOARD OF DIRECTORS

Neil Craig
Alan Bougen
Sarah Ottrey
Lucas (Luke) Bunt
Sarah Kennedy
Murray Denyer
Brett Hewlett (appt 1 May 2017)
Paul Reid (appt 1 May 2017)

REGISTERED OFFICE

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SOLICITORS

SHARP TUDHOPE

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SHARE REGISTRY

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