

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 31 August 2019. The full statement is available to view at www.comvita.co.nz.

Compliance

The Board has adopted codes and policies relating to the conduct of all Directors, executives and staff, taking guidance from the NZX Main Board Listing Rules relating to corporate governance and the NZX Corporate Governance Code.

NZX released a new Corporate Governance Code on 1 January 2019. Comvita is currently in the process of reviewing all its governance codes, policies and practices to ensure alignment with the new Code. For the purpose of Listing Rule 3.8.1, the Board considers that as at 31 August 2019 the governance structures, principles, policies and practices it has adopted are in compliance with the NZX Corporate Governance Code dated 1 January 2019 ("NZX Code") except to the extent set out in the following pages.

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 – Code of Ethical Behaviour

Directors set, 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 all Directors and can be found in the Board Charter on the Company's website. A new Code of Ethics applicable to all Directors, Officers and employees is currently under development in accordance with Recommendation 1.1 of the NZX Code and expected to be implemented by the end of the year.

Company rules, which all employees and Officers are expected to adhere to provide clear guidance across a range of ethical and legal matters to ensure high standards of performance and behaviour are maintained 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.

Mechanisms are provided within general company rules for the safe reporting of breaches of ethical standards or other policies or laws, and the consequences of non-compliance are made explicit. These mechanisms will be carried across into the new Code of Ethics.

No breaches of the Directors Code of Ethics were identified or reported in the current year.

Trading in Comvita Securities

Directors, Officers and employees are restricted in their trading of Comvita securities and must comply with the Company's Financial Products Trading Policy which is available on the Company's website. The policy provides guidance on insider trading rules and outlines process and approval requirements for dealing in Comvita securities.

No breaches of policy have been reported in the FY19 reporting year.

Comvita makes these documents, and other significant governance documents listed below, available on its website.

Constitution/Charters	Policies
Constitution	Code of Ethics (within the Board Charter)
Board Charter	Continuous Disclosure Policy
Remuneration, People and Culture and Nominations Committee Charter	Financial Product Dealing Policy

Audit and Risk Committee Charter

Comvita expects to add the following new Policies by the end of the year:

- Diversity Policy
- Director and Officer Remuneration Policy
- General Code of Ethics

Principle 2 – Board Composition and Performance

The Board operates in accordance with the Board Charter which sets out the roles and responsibilities of the Board. A copy of the Charter is available on the Company's website.

There is a balance of independence, skills, knowledge, experience and perspective among Directors that

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allows the Board to work effectively. The Directors have each signed a commitment to work within the requirements of the Board Charter.

Responsibility for the day-to-day operations and administration is delegated by the Board to the Chief Executive Officer, and the Leadership team

Nominations and Appointments

The nomination of candidates for appointment to the Board is overseen by the Remuneration, People and Culture and Nominations Committee and the procedure for nomination and appointment is detailed in the Remuneration, People and Culture and Nominations Committee Charter. Such procedure includes processes to be followed to ensure proper checks are carried out on all candidates and key information is obtained to enable the Board and shareholders to make an informed decision about whether to elect or re-elect a candidate. It also provides for an assessment of independence.

On and from 31 August 2019 all newly appointed Directors will be required to enter into a written agreement with the Company, outlining the terms of their appointment.

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 number of Directors and rotation requirements are determined in accordance with the Company's Constitution and the NZX Main Board Listing Rules. The Constitution provides for the Directors annually to elect one of their number as Chairperson of the Board. For the year ended 30 June 2019 the Company complied with the Director rotation requirements of the Listing Rules dated 1 October 2017. With effect on and from 1 July 2019 the Company will comply with the Listing Rules dated 1 January 2019 with regard to the composition of the Board and the appointment and rotation of Directors. In particular, each Director must retire, but may offer themselves for re-election at the third annual meeting following that Director's appointment or every three years, whichever is longer.

Director Profiles

Profiles of each Director with details of their experience, length of service, independence and ownership interests are available on the Company's website.

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 2019, the Board had one female Director out of a total of six Directors* and two female Officers out of a total of six Officers

(2018: three female Directors out of a total of seven Directors and three female Officers out of a total of eight Officers).

*Sarah Ottrey resigned from the Board on 13 July 2018 and Xin Wang resigned from the Board on 2 April 2019.

Diversity Policy

The Company's commitment to diversity has been reflected in its ongoing appointments at all levels of suitably qualified women, and others with diverse experiences and perspectives which contribute importantly to ongoing innovation throughout the organisation. This commitment is reflected in the Company values and behaviours. Remuneration, People and Culture and Nominations Committee is monitoring gender pay equality, is positive about current progress, and has strategies in place to achieve equality on a scheduled approach. The Company is currently developing a formal Diversity Policy in accordance with Recommendation 2.5 of the NZX Code which will be available on the Company's website in due course. Remuneration, People and Culture and Nominations Committee will be setting measurable targets in the coming year for achieving greater diversity within the Company.

Director Training and Performance

Board members are encouraged to regularly participate in learning and self-development opportunities provided by the Institute of Directors or other professional groups to ensure they remain current on how best to perform their duties as a Director.

The Company has a procedure to assess Director, Board and Committee performance which is set out in the Board Charter. In particular, each year the Board undertakes a self assessment of its performance, processes and procedures.

Independence of Directors

The majority of the Board are independent Directors. The Chair is also independent.

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 direct or indirect interest, position, association or relationship that could, or could be perceived, to influence in a material way the Director's capacity to bring an independent view to decisions, to act in the best interests of the Company, and to represent the interests of shareholders generally.

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 Board has reviewed which of its Directors are deemed to be independent in terms of NZX Listing

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Rules and has determined that all Directors as at 30 June 2019 were independent*. Accordingly, it is viewed that the Chairs of the Audit and Risk, and Remuneration, People and Culture and Nominations Committees are independent, as are the Committee members.

*Currently, Brett Hewlett is acting in a temporary Executive Director capacity, pending the appointment of a new Chief Executive Officer.

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, People and Culture and Nominations Committee and the Audit and 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. Staff members attending those Committees are at the invitation of the specific committee.

The Board did not consider it necessary to have any other Committees for the reporting period as a standing board Committee.

Board and Committee meeting attendance for the year ended 30 June 2019 is set out below:

Board Member	Board		Conference Calls & Special Meetings		Audit and Risk		Remuneration and People and Culture Nominations	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Neil Craig	10	10	11	11	3	3	5	5
Luke Bunt	10	10	11	8	3	3	-	-
Murray Denyer	10	9	11	11	-	-	5	5
Brett Hewlett	10	10	11	11	-	2	5	5
Sarah Kennedy	10	8	11	11	3	2	-	-
Paul Reid	10	10	11	8	3	3	5	5
Xin Wang [†]	4	4	3	3	-	-	-	-

[†]Xin Wang joined the Board on 18 October 2018 and resigned from the Board on 2 April 2019

Audit and Risk Committee

The Audit and Risk Committee comprises Luke Bunt (Chair), Sarah Kennedy, Neil Craig and Paul Reid and met three times during the period. For the FY19 year all Committee members were independent Directors. The Committee reviews the annual audit process, the financial and operational information provided to stakeholders and others, the management of business risks facing the organisation, and the

Remuneration, People and Culture and Nominations Committee

The Remuneration, People and Culture and Nominations Committee comprises of Murray Denyer (Chair)*, Neil Craig and Brett Hewlett and met four times during the period. For the FY19 year all Committee members were independent Directors. 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 Leadership 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.

*Retired on 16 August 2019.

The Committee also carries out the functions of a nominations Committee, recommending new Director appointments to the full Board. Further detail on the Committee's roles and responsibilities is set out in the Committee Charter.

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 by invitation. The Company's external auditors attend Committee meetings as deemed necessary by the Committee. Further detail on the Committee's roles and responsibilities is set out in the Committee Charter.

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Takeover Protocols

The Board has established experience in respect of the various NZX and statutory requirements in the event of a takeover approach for the Company. The key requirements of the Takeover Code are well understood by the Board.

For the FY20 year the Board will look to establish formal protocols that set out the procedure to be followed if there is a takeover offer in accordance with Recommendation 3.6 of the NZX Code.

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 and 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 statements are fairly stated 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. In particular, the Company has a Continuous Disclosure Policy applicable to all Directors, Officers and employees that is available on the Company's website.

Non Financial Reporting

The Company is committed to financial reporting that is balanced, clear and objective.

Further, the Company has had a long commitment to reporting on its involvement on 'matters of sustainability' – refer to page 18 for this years' disclosure.

Broader disclosure on environmental, economic and social sustainability factors and practices is presently under development and the Company expects to report on such disclosures in accordance with the NZX Code Recommendation 4.3 in its FY20 Annual Report.

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, People and Culture and Nominations Committee.

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. Information on payments to each Director is set out on page 48 of the Financial Statements 2019.

Chief Executive Officer Remuneration

The Chief Executive's base salary for the FY19 year was \$440,000. The Chief Executive Officer is entitled to short-term incentive rewards if (a) he meets agreed financial, and non-financial goals used in a balanced scorecard approach (up to 20% of base salary); and (b) the Company exceeds a specified shareholder earnings target (up to 20% of base salary), subject to Board approval. The Chief Executive Officer is part of a long-term partly paid executive scheme available to Senior Executives.

Senior Executive Remuneration

Senior Executives remuneration is made up of: base or fixed remuneration; an 'at-risk' component based around individual 'myscorecard' performance in the year; and a share of a bonus pool if shareholder earnings targets are achieved, subject to Board approval. In addition, 53 executives currently participate in a partly paid executive share scheme.

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.

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Policy

The Company is currently developing a new Remuneration Policy for Directors and Officers in accordance with Recommendation 5.2 of the NZX Code, a copy of which will be available on the Company's website in due course.

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. Further, the Audit and Risk Committee monitors on a regular basis the risk management framework to ensure it remains appropriate. Further detail on the role and responsibilities of the Audit and Risk Committee in relation to risk management are set out in the Audit and Risk Committee Charter.

Business Risks

The Chief Executive Officer and Leadership team are required to regularly identify the major risks affecting the business. These major risks are included in a risk management register. Strategies are consistently being developed 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.

As risk assessment is a dynamic environment and often commercially sensitive, the Company reports on the most significant of these under its continuous disclosure obligations to the NZX market, and in the Annual Report.

Health and Safety

The Company employs a General Manager - Safety & Sustainability 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 scheduled basis.

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 2019 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 and 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, People and Culture and Nominations Committee reviews human resource management risks.

Principle 7 – Auditors

The Board ensures the quality and independence of the external audit process. A framework for the Company's relationship with its external auditors is overseen by the Audit and Risk Committee. Further detail on that framework and the role and responsibilities of the Audit and Risk Committee in relation to the external audit framework is set out in the Audit and Risk Committee Charter.

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 and Risk Committee.

External Auditor

Comvita's external auditor is KPMG. KPMG was re-appointed by shareholders at the 2018 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.

Internal Audit

Comvita currently does not have an internal audit function. The Audit and Risk Committee is responsible for reviewing and monitoring the Company's risk management and internal control framework and has open communication with external auditors, financial and senior management, and the Board. The Committee is empowered to investigate any matter brought to its attention with full access to all books, records and facilities and personnel of the Company and the power to retain outside counsel or other experts for this purpose. In addition, the Board seeks reports on specific areas of potential concern, or to evaluate business performance on a post-investment basis. The reviews are completed by appropriate internal staff and/or with external input.

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Principle 8 – Shareholder Rights & 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. It does 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;
- 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.

The Company aims to ensure the process of communication with investors is easy and uses a variety of channels and technologies to keep its shareholders informed, including by providing and encouraging investors to receive communications electronically.

Major Decisions

All major decisions which may result in a change in the nature of the Company's business are subject

to shareholder approval in accordance with the Company's Constitution, the Companies Act 1993 and the NZX Listing Rules. No major decisions required shareholder approval in the reporting period.

Capital Raising

When considering any raise of additional capital the Board considers the interests of all shareholders when assessing its options to raise capital. Where considered appropriate the Board will look to raise additional equity capital from existing shareholders on a pro-rata basis. Where such course of action is not considered appropriate in the circumstances the Company will explain the rationale behind its chosen preference in the next published annual report.

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.

Further detail

Further detail as required by the NZX Listing Rules and Companies Act 1993 is included in the Financial Statements supplied with, and as part of, the Annual Report.

DIRECTORS

Comvita Board Of Directors

Neil Craig
Lucas (Luke) Bunt
Sarah Kennedy
Murray Denyer (retired 16 Aug 2019)
Paul Reid
Brett Hewlett
Xin Wang (retired 2 April 2019)
Sarah Ottrey (retired 13 July 2018)
Bob Major (appointed 1 Sept 2019)

BANKERS

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