

## COMVITA LIMITED AUDIT AND RISK COMMITTEE CHARTER

### 1. Purpose and Authority

The Audit and Risk Committee is a committee of the Board of Directors for Comvita Limited. It shall provide assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to the Company's:

- financial statements and the financial reporting process;
- the systems of internal accounting and financial control;
- the annual independent auditing process and activities;
- risk management framework, including health & safety and legal framework compliance;
- the company's business ethics activities and processes.

The Company includes all subsidiaries and joint venture operations.

In so doing, the Committee is to maintain free and open communication between the Committee, independent auditors and the management of the Company.

In discharging its oversight role, 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.

### 2. Membership

The following are the membership requirements of the Committee:

- a) The full Board of Directors shall be responsible for the appointment and removal of Committee members by majority vote.
- b) The number of members of the Committee shall not be less than three, with a majority of the Committee being independent members of the Board of Directors. All members must be non-executive members.
- c) The Committee Chair shall be an independent director, and be appointed by the Board. The Chair shall not be the Board Chair, and the CEO shall not be a member of the Committee.
- d) At least one member of the Committee shall have such accounting or financial experience and/ or qualifications as is deemed satisfactory by the Board.
- e) Members shall be appointed for an initial two year term, with subsequent re-appointment being subject to annual review.
- f) The duties and responsibilities of the members of the Committee are in addition to those as a member of the Board of Directors.

### 3. Meetings

- a) The Committee shall meet at least three times per year or more frequently if circumstances require.
- b) A quorum of members of the Committee shall be a majority of the members of the Committee. The Committee Chair will have a casting vote.
- c) Management and/or other employees may only attend Committee meetings at the invitation of the Committee. The CEO and CFO will normally be present at all meetings of the Committee by invitation.
- d) The meeting cycle will include meetings in the period ahead of the release of the Company's interim and year-end financial accounts and in time to enable appropriate reporting to the full Board.
- e) The Secretary to the Board may also act as secretary for this Committee or the Committee can appoint a secretary. Meeting minutes will be made available to all Directors on a timely basis.

- f) The proceedings of the Committee will be governed by the provisions of the Constitution that govern meetings of directors, in so far as they are applicable.

#### 4. Duties and Responsibilities

- a. In addition to any other duties and responsibilities which have been assigned from time to time by the Board, the Committee has the responsibility and duty to:
- i. Ensure processes are in place, and monitor those processes so that the Board is properly and regularly informed and updated on corporate financial matters;
  - ii. Monitor and where necessary, instruct management to update the risk management framework to ensure the Company continues to have an appropriate and effective framework, mechanisms and internal controls in place to identify and manage material business risks;
  - iii. Review and recommend to the Board the adoption of the Company's financial reports to external parties;
  - iv. Monitor and review independent and internal audit practices and oversee the Company's relationship with its external auditors;
  - v. Provide an open avenue of communication among the external auditors, financial and senior management, and the Board; and
  - vi. Confirm and assure the independence of the Internal Audit function.

- b. To fulfil its responsibilities and duties, the Committee shall:

##### *Risk Management and Internal Control Framework*

- i. Review and monitor the Company's risk management framework to ensure the Company has in place mechanisms and internal control to identify and manage areas of material business risk. This activity should include consideration of the risks associated with product quality and regulatory functions, health and safety, and disaster recovery functions. Consideration should be given to the business ethics of the Company as part of this review and monitoring review.
- ii. Ensure that processes are in place so that the Board is properly and regularly informed and updated on corporate, financial, operational, organisational and other risk matters (including information on any material risks raised by senior management and whether the material business risks are being managed effectively).
- iii. Review with the external auditors and the Company's management policies and procedures with respect to material business risks, including financial and accounting controls.
- iv. Review and monitor the Company's insurance programme in conjunction with management and recommend changes when deemed appropriate.

##### *Audit Processes and Activities*

- i. Review and recommend to the Board the engagement, reappointment and removal or retirement of external auditors including their fee and scope and timing of their audit of the Company's financial statements.
- ii. Establish guidelines for the selection and appointment of the Company's external auditors. Ensure that the external auditor or lead audit partner is changed at least once every five years.
- iii. Consider, in consultation with management and the External Auditor:
  - a. The audit scope and plans of the statutory audit.

- b. That audit effort is co-ordinated to ensure completeness of coverage, reduction of redundant efforts, avoidance of duplication and the effective use of audit resources.
  - c. The adequacy of Comvita's internal controls including computerised information system, its controls and security.
  - d. Any related significant findings and recommendations of the External Audit with management's response.
- iv. From time to time, as appropriate, actively engage the Company's external auditors in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of such auditors and recommend to the Board appropriate action to ensure its independence.
  - v. Following completion of the annual audit, review separately with the auditors and management any significant difficulties encountered during the course of the audit, including restrictions on the scope of the work, access to required information, or completing the audit within the targeted time milestones.

#### *Internal Audit*

- i. In consultation with Management and as appropriate, in consultation with the External Auditors, Monitor and review the internal auditing processes being used.
- ii. Review and consider matters of material importance to the organisation with respect to likely impact on the financial results or impact on the Company's balance sheet.
- iii. Where appropriate request Management to scope and undertake such reviews and/or internal audit functions to provide the Committee with satisfaction that appropriate internal controls are in place and operating satisfactorily.
- iv. Review and discuss with Management all internal audit reports and where appropriate discuss findings with the External Auditors and report back to the Board.
- v. Review resources available to undertake internal audit functions to ensure such reviews can be undertaken in completeness and to the full extent necessary in the circumstances as determined by the Committee.

#### *Financial Reporting*

- i. Review and discuss with management and the external auditors the Company's annual audited financial statements and the interim financial statements prior to the Board publicly releasing earnings reports to the applicable security regulatory authorities.
- ii. Review and consider the external auditors report(s) on the Company's annual and interim financial statements.
- iii. Obtain appropriate reporting from management of all significant judgements made in management's preparation of the financial statements.
- iv. Consider the external auditors' judgement about the quality and appropriateness of the Company's accounting principles as applied and significant judgements affecting its financial reporting.
- v. Require the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that to the best of their knowledge:
  - a. The Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and

- b. Those reports are founded on a sound system of risk management and internal control and that system is operating effectively in all material aspects in relation to financial reporting.
- vi. Review financial reports and advise all directors whether they comply with the appropriate laws and regulations.

*Policies and Procedures*

- i. Review policies and procedures in relation to fixed assets, inventory valuation, delegations, management discretionary expenditure, expense accounts, credit cards and other benefits including the use of corporate assets and consider the results of any relevant review by Internal Audit. The Committee shall provide recommendations to the Board for the adoption of these policies.
- ii. Review the carrying value of external investments.
- iii. Review legal and regulatory matters that may have a material impact on company policies and financial reporting.
- iv. Review annually its Charter and its activities inviting comments from all members of the Board, and recommend to the Board any appropriate changes.
- v. The Committee shall undertake other related tasks or special investigations as directed by the Board.

*Reporting*

- i. The Chairperson of the Audit and Risk Committee shall regularly report to the Board on matters relevant to its roles and responsibilities.

**5. Review**

This Charter will be reviewed annually by the Board.

**6. Authorisation**

This Comvita Limited Audit and Risk Committee Charter has been agreed by the Board of Comvita Limited.

Board Meeting Date: 15 August 2019

Signed:



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Luke Bunt  
Chairperson: Audit and Risk Committee  
**COMVITA LIMITED**