In the last two and a half years, Comvita has staged a disciplined fight back to sustained profitable growth and committed to become carbon neutral by 2025. We are encouraged by the progress made last year and have delivered stronger performances in our key markets, increased market share, enhanced ecommerce performance and delivered top and bottom-line growth that collectively enabled the welcome return of dividends for our investors and continued investment in long-term value-creating initiatives. We aim to be a world leader in environmental, social and governance (ESG), reducing our carbon footprint, utilising science-based targets and further establishing our role as the largest private sector owner / manager of native forests in Aotearoa New Zealand.
CONTENTS

SECTION 1
Strategic snapshot 4

SECTION 2
Exciting future 12

SECTION 3
Performance snapshot and commentary 20

SECTION 4
Markets and category performance 32

SECTION 5
Sustainability and ESG 48

SECTION 6
Leadership and governance 76

WE CAN

CONFIDENTLY

CONTINUE BUILDING

TOWARDS OUR

2025 TARGETS

2022

COMVITA.CO.NZ

ANNUAL REPORT

ANNUAL REPORT

02 03
RESILIENCE

GROWTH
GLOBAL

DEMAND
Our total focus across the business is on the delivery of our three-part plan to stabilise performance, transform the organisation and build long-term resilience and growth. Our results are gaining momentum. While we are pleased with progress so far, we recognise there is significant room for further improvement. At this point, we are 30 months in to a five-year chapter. Our goal is to systematically build the foundations for long-term growth and, in the process, build stakeholder trust.

Our total focus across the business is on the delivery of our three-part plan to stabilise performance, transform the organisation and build long-term resilience and growth. Our results are gaining momentum. While we are pleased with progress so far, we recognise there is significant room for further improvement. At this point, we are 30 months in to a five-year chapter. Our goal is to systematically build the foundations for long-term growth and, in the process, build stakeholder trust.

We are proud to report an EBITDA of $30M, an 18% improvement vs the prior corresponding period (PCP) and a 35% improvement in net profit after tax. We are encouraged that we have again delivered at the top end of guidance and all markets excluding Japan are showing top and bottom-line growth.

As we shared in FY21, our main transformation focus is on digitisation of the entire business to improve efficiency, agility and insight. During this year, we launched our new direct-to-consumer ecommerce platform in five markets, enabling us to have a single source of global consumer data and a globally integrated model focused on consistent KPIs and sharing of best practice. Total registered Comvita consumers grew by 13% in FY22, ecommerce revenue increased by 12% and ecommerce channel share growth by 15% in this same period.

Our 2025 business model delivers high gross margin of at least 60% along with high reinvestment in our brand (targeting 15%) and ultimately an EBITDA margin of 20%. This year, we delivered a 60% margin, a 640 basis point improvement vs PCP. In addition, we increased marketing investment to 13%, which helped us drive market share growth in our key markets of China and North America. Our reported EBITDA improved to 14% and our normalised EBITDA* to 16% of sales.

---

* One-off costs and transformation investment of $3.4M were added back.
## Results

### At a Glance

**GREATER CHINA ECOMMERCE GROWTH IN NZD**
+14%

**NORTH AMERICA GROWTH IN NZD**
+29%

**DIGITAL CHANNEL SHARE GROWTH**
+15%

**MĀNUKA HONEY REVENUE**
+15%

### SUCCESS FLOWS

- **LOOKING GOOD**
- **REDDUCTION IN TRIFR**
- **FULL YEAR DIVIDEND FULLY IMPUTED**
- **NET DEBT +1% EBITDA**
- **REVENUE +9% (+$17M) VS PCP**
- **GROSS PROFIT 60.3%**
- **MARKETING INVESTMENT +16% OR +$3.8 M VS PCP**
- **INCOME STATEMENT**
- **BALANCE SHEET**

### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>For the year ended</th>
<th>30-Jun-21 NZ$000</th>
<th>Variance NZ$000</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>208,909</td>
<td>191,734</td>
<td>17,175</td>
<td>9.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>126,000</td>
<td>103,424</td>
<td>22,576</td>
<td>21.8%</td>
</tr>
<tr>
<td>Gross profit %</td>
<td>60.3%</td>
<td>53.9%</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>28,062</td>
<td>24,216</td>
<td>(3,846)</td>
<td>(15.9%)</td>
</tr>
<tr>
<td>Transformation</td>
<td>2,378</td>
<td>1,172</td>
<td>(1,206)</td>
<td>(102.9%)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>20,149</td>
<td>12,183</td>
<td>7,966</td>
<td>65.4%</td>
</tr>
<tr>
<td>EBITDA*</td>
<td>30,083</td>
<td>25,523</td>
<td>4,560</td>
<td>17.9%</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>12,784</td>
<td>9,479</td>
<td>3,305</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>As at</th>
<th>30-Jun-22 NZ$000</th>
<th>Variance NZ$000</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>25,344</td>
<td>4,583</td>
<td>20,761</td>
<td>457.4%</td>
</tr>
<tr>
<td>Operating cashflow</td>
<td>2,830</td>
<td>24,825</td>
<td>(21,995)</td>
<td>(88.6%)</td>
</tr>
<tr>
<td>Inventory</td>
<td>132,157</td>
<td>101,008</td>
<td>31,149</td>
<td>30.8%</td>
</tr>
<tr>
<td>EPS*** (NZ cents)</td>
<td>18.2</td>
<td>13.6</td>
<td>4.6</td>
<td>34.0%</td>
</tr>
<tr>
<td>Weighted average shares on issue</td>
<td>70,087</td>
<td>69,640</td>
<td>447</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

* EBITDA is a non-GAAP measure. We monitor these as key performance indicators and use them in assessing the performance of the core operations of our business.

** Total recordable injury frequency rate.

*** Note that this is basic EPS.
Sharing our business model as an environmentally responsible premium FMCG brand has lifted our long-term resilience and will generate higher and more consistent growth in the medium term. Highlighting the positive impact of our vertically integrated sourcing model and by lifting our digital experiences, we’ve built new bridges to global consumers and, through that, an effective plan to increase household penetration. Our 60:15:20 plan sets out how we intend to prosper from this hard work.

Exciting future.

To deliver world-leading standards for our team, our consumers, our shareholders and our planet, contributing to a world where bees and people can thrive in harmony. Reinvest cash to lead industry growth and consolidation to drive higher standards for our consumers.

Working in harmony with bees and nature in New Zealand to heal and protect the world. We all lead / Togetherness / We love to learn / Kaitiakitanga

**COMVITA PLAN / 2025**

**TARGETING $50M EBITDA IN 2025**

**PLAN ON A PAGE TO 2025**

1. Stabilise performance
2. Transform organisation
3. Long-term resilience and growth

<table>
<thead>
<tr>
<th>Key Performance Indicators (KPIs) FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon-neutral 2025 and science-based targets for GHG reduction</td>
</tr>
<tr>
<td>Return on capital employed – 500 basis points above weighted average cost of capital</td>
</tr>
<tr>
<td>Comvita total shareholder returns above NZX50 median</td>
</tr>
<tr>
<td>Consumer and employee Net Promoter Score &gt;+7</td>
</tr>
</tbody>
</table>

**Aligned Focus – Deliver by FY25**

- Build a China market business capable of delivering 10 years of 10% compound annual growth rate
- Break through in North America to provide portfolio balance
- Digital channels to deliver >50% of total sales
- All market segments growing (mid single-digit compound annual growth rate) and profitable

**Strategy Pillars / Our Unrelenting Focus**

- Comvita as a premium fast-moving consumer goods lifestyle brand
- World-class digital engagement and experience as a competitive advantage
- Science and quality
- Organisational simplification and efficiency
- Becoming a sustainable, world-class organisation
We are determined to leave the world in a better place. To help that happen, we have committed to investing 1% of our earnings every year into projects that support social and environmental impact globally.

We believe the best interests of all shareholders are served by the whole team at Comvita becoming shareholders and by reinvesting in our team to deliver talent-led, long-term shareholder value.

Our virtuous business model means that, the more successful we are, the more we invest in rewilding Aotearoa New Zealand. For every pot of monofloral Mānuka honey sold globally, we have committed to plant one tree. Maintaining and protecting our Mānuka forests for the long-term will help us continue to systematically reduce our carbon footprint.
Working in harmony with bees and nature in New Zealand to heal and protect the world

HOW COMVITA CREATES VALUE FOR ALL STAKEHOLDERS

THE RESOURCES WE EMPLOY

- Our unique Comvita knowledge and know-how, curated and refined since 1974
- The intellectual property and processes that strengthen our competitive advantage
- Our role as kaitiaki (guardians) for 1.6 billion bees and 6.2 million trees
- The Mānuka trees, Mānuka honey and other nutrients from the hive hold incomparable power to protect and heal
- Our world-class team
  - The pure talent and capability of our people, with shared (and overt) passion and ambition
- Our growth-supporting capital structure
  - Healthy balance sheet and access to capital to implement our strategies
- Our fully integrated global business model
  - Our unique business model with 350 people in markets outside New Zealand making us closer to our consumers
- Global leadership
  - Underpinned by long-standing and mutually valuable relationships and partnerships

HOW WE CREATE VALUE THROUGHOUT OUR END-TO-END MODEL

Science, nature and quality at the heart of the Comvita difference

- Highest frequency and range of testing in industry and New Zealand’s only private honey laboratory to be government accredited

Development of unique cultivars and patents

- Nearly 50 years of scientific discovery, embracing and evidencing the healing power of nature

Doing business for good

- 1% reinvested for social & environmental impact

OUR UNIQUE OUTPUTS UNDERPINNED BY KAITAKITANGA (GUARDIANSHIP)

World-leading products

See pages 18, 35-47

Committed to climate action, rewilding and biodiversity balance as Aotearoa New Zealand’s largest private native forest owner / manager

See pages 62-65, 70-74

Leading and progressive EVP, enabling Comvita to attract talent from anywhere in the world

See pages 52-61

Revenue growth and financial returns

See pages 10-11, 28-44

Reduced emissions and waste

See pages 64-65

Industry leadership and investment in our community

See pages 18-19, 48-49, 62-63, 74-75

Driving a brighter future for our industry

See pages 18-19, 48-49, 62-63, 74-75

PROUD TO BE PART OF THE SOLUTION THROUGH THE VALUE WE CREATE

Improved health and wellbeing for millions of consumers

See pages 18, 46-47

Restoring native forests and biodiversity balance

See pages 62-65, 70-74

Carbon neutrality and circularity

See pages 64-65

Safe, engaged and empowered team

See pages 52-61

Personalised consumer and customer experience

See pages 36-44
CONSUMER HEALTH SCIENCE PROGRAMME
This year, we accelerated our consumer health science programme with a focus on clinical trials to evidence the health benefits of our Mānuka honey for our consumers.

We formed a new scientific partnership with the University of Otago to conduct a groundbreaking $1.3M clinical trial investigating the benefits of Comvita Mānuka honey on digestive health.

The study, which was awarded an $875,000 grant from the Higher Education National Science Challenge, will commence recruitment in early FY23 and is expected to be reported in FY24. In addition, we established a new Clinical Scientific Advisory Board to provide strategic advice on our digestive health programme, including consumer insights and current treatment pathways and barriers. The Board comprises world-leading gastroenterologists and other medical specialists from USA, China, UK, New Zealand and Australia, many of whom sit on editorial and medical boards and have active research teams with multiple publications in high-impact journals.

Comvita is also an industry participant in the EMA MAR (Mānuka Alliance Research) Mānuka clinical trial, which brings together New Zealand's leading health researchers and food and beverage producers.

The aim of the trial, which includes Comvita UMF Mānuka honey, is to show that eating a healthy diet can decrease the burden of metabolic diseases such as heart disease and diabetes.

In addition to these clinical trials, we also commenced new health research projects with the University of Southampton, UK, for skin health and Plant and Food Research for immune health.

FOREST AND SUPPLY SCIENCE PROGRAMME
In our supply research programme, we commenced a project to assess the biodiversity benefits of Mānuka planting and continued our unique Mānuka breeding programme to deliver higher-quality UMF honey from our Mānuka forests. Again, we are the only brand in our category that invests in long-term development of unique Mānuka cultivars. We also have an ongoing research partnership with Plant and Food Research that focuses on tea welfare and includes assessment of a range of organic varroa control treatments.

COMVITA LABORATORIES
Our in-house laboratory, which reports over 200,000 test results each year, is independently accredited by International Accreditation New Zealand (IANZ) and recognised by the Ministry for Primary Industries (MPI), meaning we can raise official government export certificates using our own lab test results. No other company in our industry has this capability.

This year, we lifted our investment in our science and quality functions by 17% to $3.6M and over the coming year, we will be implementing new automation technology to further our capability and capacity further.

Underpinning our industry-leading science programme is a comprehensive IP and commercialisation strategy to secure proprietary positioning and deliver future return on investment. This year saw five new patents granted (three of which are in the same patent family) and 12 new patents filed (10 of which are in the same patent family) in multiple markets to support our digestive and skin health research programmes.

We pride ourselves on quality and have had no product recall and no non-compliances resulting in a fine or penalty in the last 12 month period.

MANAAKITANGA
— Mā mua ka kite a muri, mā muri ka ora a mua
Those who lead give sight to those who follow, those who follow give life to those who lead

We are committed to help develop beekeeping skills from our local communities around the country. We set ourselves a target for 50% of our apprentices to be Māori, Pasifika or women, and we achieved 47%.

Commercially, we are excited and encouraged that the EU Free Trade Agreement (FTA) recognises the definition of Mānuka and includes unique acknowledgment of Mānuka as a taonga species exclusively from Aotearoa New Zealand. The FTA agreement also removes all honey tariffs in the EU, making our category more attractive to consumers as savings are passed on.

The EU honey market is worth about US$1.4B and is now the second-largest importer of honey in the EU, the local law, as we recognise that our Global Support Centre suburb was originally known as nga paenga o nga māra kōura a Marukūkere (the long boundaries of Marukūkere’s kōura garden). Tapukōs supported Comvita in the reopening of the Auckland Wellness Lab and we are developing plans for partnering in local conservation projects in the region.

Over the last two years, we have significantly increased support of local iwi as we look to live up to our core value of kaitiakitanga. We have supported the refurbishment of a local marae and run a “ka pai ka” team day, providing products to help with wellness and sustenance within a local iwi. In addition, we are looking to develop a kōura garden with Tapukōs; the local iwi, as we recognise that our Global Support Centre suburb was originally known as nga paenga o nga māra kōura o Marukūkere (the long boundaries of Marukūkere’s kōura garden). Tapukōs supported Comvita in the reopening of the Auckland Wellness Lab and we are developing plans for partnering in local conservation projects in the region.
PROVING OUR WORTH
An interview with our Chair and CEO

Congratulations on your strong performance. After such a great result this year, are you frustrated that the share price hasn’t shifted that much?

DAVID: I’m incredibly proud that this year we’ve delivered the second-highest earnings in Comvita’s history, especially considering where we started from in December 2019. What’s more, that performance has been delivered against a backdrop of global disruption (both COVID and supply chain) and huge transformation within our business. Are we disappointed that this is not reflected in the share price and market capitalisation? Of course, but we also recognise that we need to rebuild shareholder trust and that takes time.

One of the first things I learned in business was ‘control the controllables’. In our case, that means we need to deliver what we said we would deliver. With this year’s result, we’ve now achieved five consecutive periods of double-digit earnings growth, in line with or better than guidance.

BRETT: We talk a lot about the need for consistency and reliability in terms of our results. They seem to us to be the best proof that we are responding well to a highly volatile global operating environment. Indeed, consistency of performance is how we intend to build confidence and restore belief in Comvita’s ability to grow, so I want to thank David and the team for delivering such a positive result in another very challenging year. For the past five reporting periods, we’ve either met or beaten our market guidance.

In terms of how the market responds to that, we cannot control share price. What we can do though is remain focused on building sustainable value for all our stakeholders, and that includes delivering year-on-year growth in net earnings per share and a stabilised dividend policy. By consistently delivering on this, we expect to build confidence in our ability to grow into the future, even in tough times. And as that confidence in our future grows, I believe the share price will come to reflect that sentiment more and more.

“We are delighted to report an 18% increase in EBITDA at the very top end of our guidance.”
Where are you in your three-part strategy to stabilise, transform and build long-term resilience and growth. What’s ahead of schedule and where are you lagging?

**BRETT:** Comvita today sits on a very stable platform. We have no long-term debt. We are generating positive cashflows from a materially lower cost base. Our brand overall is positioned in the premium/luxury segment, and revenue is growing in all market bars. We have shown incredible resilience to a highly disrupted supply chain and a trading environment characterised by high inflation. Of course, we’ve had to adjust to the constantly evolving situation, but we’ve also resisted the temptation to cut back on investing for our future. Quite the contrary. While delivering growing earnings and a positive cash position, we’ve also increased our investments into our brand and marketing activities, continued building production capacity and efficiency, planted another 2 million Mānuka trees and invested in the capabilities of our people. We are well positioned for growth.

**DAVID:** I’m delighted with the progress we’re making. We stabilised and are now accelerating performance across the business. Performance-wise, this year, we’re reporting record revenue of $209M and the second-highest earnings of all time. All our markets are growing (top-line and bottom-line) except one, we’ve increased our eCommerce share of total sales to 39%, market share is up in our focus growth markets of China and North America and we have increased our registered consumer base by 145%. Furthermore, we have invested in a significant upgrade to accelerate performance of our owned global direct-to-consumer (DTC) eCommerce business including a singular centralised database of all our consumer data that will become a long-term source of competitive advantage. We’ve also achieved real-time reporting of consumer-add and average order sizes in both our online marketplaces (such as Amazon) and our owned direct-to-consumer sales channels. We now have global integrated reporting, and in this report, we share our carbon footprint (across Scope 1, 2 and 3) and our integrated value creation model. I’m also delighted to share the positive impact of our 1% profit reinvested into causes that have social impact both nationally and internationally. I am particularly excited that, this year, we also launched our global Time to Heal programme, which creates time for our team in all our markets to take a day away from day-to-day work to support local causes in line with our purpose.

**Have there been any disappointments?**

**DAVID:** Two areas are behind schedule: winning at home and the launch of experiential stores around the world. Despite our success in growing both revenue and profit in ANZ this year, we added to our definition of winning at home as not just having a world-class presence in Aotearoa New Zealand but also as being recognised by all stakeholders in New Zealand (whether shareholders or brand customers) as a brand that has a positive impact at home both from an environmental perspective and also as an employer that believes in and actively reinvests in our teams. In terms of commercial success at home, we have a long way to go to ensure that consumers understand the quality difference with Comvita and that this is reflected in market leadership. We remain disappointed that the regulatory standards for Mānuka honey in New Zealand are below the standards that are needed for export, and we retain our view that New Zealand consumers deserve better. Comvita honey for New Zealanders will always be at the highest possible standard in line with global expectations.

We also thought we’d be further along with our experiential stores, but given global disruption to retail, we took the decision to scale back our short-term ambition in this space until ‘normality’ returns. We absolutely believe in the direction and the experience that we deliver at our Wellness Lab in Auckland. This is the future of retail in our view, and we will continue to take elements from that store to let consumers experience the Comvita difference in virtual and augmented reality around the world.

Last year, you talked about transformation at governance level and refreshing the Board once the new strategy was well under control. What’s happening on that front? What sorts of different skillets will you be looking for?

**BRETT:** Our investment in Mānuka forest strategy goes back more than 10 years. We started innovating in this area with our breeding programme, and that’s resulted in a steadily improving range of exclusively owned Mānuka cultivars. We only started large-scale planting of these unique strains five years ago, but that’s now gained so much momentum that our current rate is approximately between 1 and 1.5 million trees per year.

The net tangible benefits of this Mānuka forest strategy are only starting to materialise, but they are significant and will become more so over the next five to 10 years. So far, we have demonstrated more than a 35% reduction in the cost of goods from honey produced via this method over conventional sources, and the quality (measured as UMF) of honey harvested is consistently higher.

We are also working to quantify the additional revenue from carbon credits. Whilst the honey harvest volumes from our exclusive Mānuka forests only represent approximately 5% of our total annual demand in FY23, that is Forecast to grow to approximately 30–40% by 2030. This long-term strategy provides a very material competitive advantage for Comvita. It also represents a hurdle of an estimated 20-year development cycle for any followers.

**DAVID:** While our absolute focus is to deliver our 2025 20% EBITDA target, we continue to make investments that will materially improve Comvita’s performance to 2030 and beyond. One of these investments is our forest strategy.

Our base hypothesis for what Mānuka forests will deliver to the business is 40.60.20 – a 40% higher yield than traditional sites, a 60% higher quality of yield and a 20% reduction in cost. But it’s important to note that these forests take six years to reach 100% yield, and as such, they will only have a material

---

**This year, we’re reporting record revenue, margin and investment in our brand and the second-highest earnings of all time.**
**Performance Snapshot and Commentary**

**Chair + CEO**

**ANNUAL REPORT**

China and North America? You must be pleased that the New Zealand or are you chasing a lucrative trend? Is your strategy different from others, continued as we have exited sites and regions that on profitability and long-term viability of sites has partners. This will help us improve standards for bees, for our team and for our apary operations. Our focus on profitability and viability of sites has continued as we have exited sites and regions that we believe do not offer long-term quality potential.

Suddenly, reforestation and carbon offsetting feel like the new Bitcoin for the ESG set. Is your strategy different from others, or are you chasing a lucrative trend?

**BRETT:** Actually, our strategy for Mānuka forests is not motivated by the need to offset carbon or to justify our investments from additional carbon revenue. It’s intrinsic to who we are and what we do. Through these initiatives, we are driving value for the Comvita brand and for our shareholders. We are not staying away from other initiatives to drive down our carbon footprint. In fact, we’ve been on our way to becoming a net positive sequesterer of carbon for 2030.

**DAVID:** We believe we have an incredible business model that sets us apart from competitors and aligns with global consumer expectations. We’ve committed to planting one tree per pot of monofloral Mānuka honey sold, and to date, we have planted more than 6.2 million trees. Therefore, the more successful we are, the more we will help rewild Aotearoa New Zealand and improve the environment for native flora and fauna. Mānuka is recognised as a nursery plant that allows other species to thrive under its canopy.

I wouldn’t say we’re chasing a trend. We are committed to mitigating climate risk, and we believe we’re creating a long-term virtuous business model that consumers expect of ethical brands and that we are on a genuine journey to being carbon neutral with minimal offsetting. Carbon will have value in the future, but it’s not what we are planting. We believe we are scratching the surface of the potential in terms of the global total addressable market for Comvita. As global consumers increasingly value our forests, we believe we can deliver the highest possible quality at the lowest possible cost, with the added benefit of being a net positive sequesterer of carbon.

**You must be pleased that the New Zealand and Australian markets are back in growth supporting your ongoing performance in China and North America?**

**DAVID:** Delighted of course that all our markets are showing positive top-line and bottom-line growth – except Japan, where we recognise we have work to do. Our initial work focused on winning in our biggest markets (China and North America) where I’m very pleased to report we’ve seen record sales and market share growth.

**Having a unique model with a high-quality team on the ground gets us closer to customer and closer to consumer and means we can be faster to act. That’s particularly important in volatile times of course and enables us to quickly pivot to meet changing needs.** While we didn’t achieve double-digit growth in Mainland China this year, this was as a direct result of the impact of lockdowns on traditional retail (we lost $5M in April alone due to lockdowns). We were however, delighted with our performance in digital channels where we delivered 18% growth against strong comparable performance in the prior year. During Di’8 (the second biggest shopping festival in China), we were the numbers 1, 2 and 3 best-selling honey products and our market share was greater than participants 2–10 combined. In the USA, we again showed the size of the opportunity, delivering 29% revenue growth and 78% net contribution growth and growing market share. In Australia and New Zealand, our focus has been on selling through to highly targeted domestic consumers and working with partners in local markets to amplify our messaging and target unique consumers via Asian health that our in-market (primarily China) distribution doesn’t yet reach. Having reset the base last year, it’s good to report both top-line and bottom-line in growth in Australia and New Zealand.

**Given some signs of good underlying performance across a number of markets how should we think about the potential scale of the global Mānuka honey category?**

**DAVID:** Consider this. In 2022, the global honey market was valued at $16B, yet in the number 2 market in the world (USA), household penetration was only around 32%. Growth is forecast at 5–7% compound annual growth rate through to 2031, reaching a total global value of over $155B. The macros shape up really well. It’s estimated that current global household penetration of Mānuka honey is around 1.5%, with the highest household penetration in any one market of just 3%. Given positive consumer attitudes to Mānuka honey’s unique properties, Mānuka has a unique opportunity to outperform this forecast growth, though the format of products will undoubtedly change to reflect changing needs.

**With this year’s result, we’ve now achieved five consecutive periods of double-digit earnings growth.”**

**Our redefined business model (strong gross margin and high levels of brand investment of around 15%) gives us a unique opportunity to create a high-value global brand that is able to actively target discerning consumers and enable Comvita to grow market share and our global leadership further. In addition, as we invest in science, and in particular clinical studies, we will be able to talk about tangible benefits to consumers that are unique to Comvita. All of this is cause for confidence in the potential of the Mānuka honey category globally and for Comvita. In addition, we also share some details in the Annual Report on the global relaunch of our Olive Life product, specifically targeting improved cardiac health. Comvita fresh picked olive leaf accounts for around 4% of our revenue, yet the total addressable market for olive is similar to Mānuka honey globally. We have some stretching goals for olive and look forward to updating shareholders on progress with this amazing natural product, backed by compelling clinical evidence.

We asked you last year about what would enable Comvita to be categorised as an FMCG/CPG stock rather than an agri/primary one as such a re-rating would put the share price on a different criteria. What are the barriers to achieving that category switch? Can you ever escape the agri tag?

**BRETT:** Our business model is unique, and the NZX listed marketplace is small. Capital market analysts have always struggled to know how to categorise us for that reason. They’ve tended to pigeon-hole us as agri. Now, the negative connotations associated with an agri-tag relate typically to low-margin, high-volume commodities and volatility associated with harvest/crop risks. However, Comvita’s product offering and brand positioning is firmly in the premium/luxury FMCG space. Our vertically integrated balanced sourcing model as well as our policy of raw material inventory carry have shown we can effectively ride seasonal variations in raw material volatilising costs.

The best way for us to earn a more appropriate rating from analysts is based on a more considered assessment of risk and return, and in returns is by consistently delivering positive results and building confidence in our forecasts.

**DAVID:** We’ve totally re-engineered our business model to build long-term resilience and growth. That’s put us on track to deliver our 15% 20 plan. The plan revolves around a minimum of 50% GP, 15% marketing to sales ratio and 20% EBITDA margin. Looking at this year’s result, we’ve already above 60% GP and are reporting an adjusted EBITDA of 16% once transformation costs, which are due to finish in 2024, are removed.

This business model is more aligned to premium FMCG than agri/primary industry. We don’t want to ignore our ‘agri’ heart – it’s a crucial part of our unique story – but rather recognise that around 90%...
We’ve seen real momentum in delivery of the core focus plan we shared back in 2020. We've seen real momentum in delivery of the core focus plan we shared back in 2020. In the two financial years since, we’ve delivered the second and third most profitable years in Comvita's history. We’ve also delivered record revenue and margin this financial year. Alongside that, we’ve paid down debt, generated cash and delivered to the Group. Now, we see an opportunity to deliver not just record-breaking results (20% EBITDA by 2025), but also real positive social and environmental impacts and to position Comvita as the best employer in New Zealand. It won’t be easy, but we are not here for the easy choices. We are here to play our parts in building an even more special legacy at Comvita.

What effect has COVID had on your operations in China?

DAVID: COVID had a material impact on our retail operations in Mainland China. Total offline sales were down year on year by 46% between March and June 2022. The result was a full fiscal year loss of 42% as sales were down 46%. We have also seen a marked decline in the number of customers visiting our stores. The impact of COVID on consumer behavior and the shift to digital channels has been significant. As a result, we have had to pivot our business model and focus on digital sales.

Where are you with guidance, and what will be the key elements this year to show you are on track to deliver your 2025 plan?

DAVID: For FY23, we’re forecasting to deliver double-digit earnings growth, strongly weighted to H2. We are assuming sales in China to return to normal in Q2. Key milestones will be top and bottom-line growth in focus growth markets, channels and categories with ecommerce share to over 40% for the full year. Our Transformation investment will be around $5.5M. We aim to release a guidance range in Q2. In addition, we are on track to deliver our 2025 EBITDA target of $50M.

Are you worried about inflationary impacts in FY23? How would a global recession impact Comvita?

BRETT: I’m comfortable that we are likely to weather any economic storms better than most. For premium/ luxury brands, consumer demand is generally resilient, even in depressed or recessionary environments. We report +60% gross margin and hold almost a year of inventory that can provide a significant buffer against spikes in either supply or demand. We are not immune however to inflationary pressures on our operating and overheads costs – salaries, wages and freight – although we’re well placed to pass these on if required.

DAVID: We decided to increase our inventory in FY22 in order to mitigate the impact of global supply chain disruption. While this impacted operating costs in the short term, it means we have essentially secured supply to meet the majority of our 2023 demand and, as such, we are able to minimise cost of goods changes that could otherwise have impacted our cost of sales. We are certainly seeing inflationary pressure on salaries and wages and freight, but as Brett has pointed out, we’re confident that we will be able to pass these on. This is particularly relevant given that digital sales will represent approximately 40% of total sales.

Like every business, we recognise there is potential for global recession in FY23. But the pandemic has also proven that, at critical times, consumers around the world will choose to consume products that help their personal wellbeing. In particular, they will continue to choose natural products of the highest quality, even in times of recession. To mitigate risk, we will continue with our ‘learn before we spend’ philosophy and ensure that our investments for growth are directly aligned to results that we have already banked.

Andy Chen, our Regional CEO APAC, joined the market in January from October to March to lead the team in person. Their combined efforts led to an increase in net contribution of 26%.

You’ve talked proudly about Comvita being a New Zealand brand. Is success in your country of origin still a priority?

DAVID: We are proud to represent a 47-year-old business founded in Paengaroa in the Bay of Plenty by Alan Bougen and Claude Stratford. We believe that the success of the company will be defined more by the type of business we are and the long-term impact of our business model for all New Zealanders: our reforestation, our protection of flora and fauna, including native kiwi and whoio (blue duck); our plan to be net carbon positive by 2030; our credentials as a chosen employer by top talent because of how we treat the team; and our giving back to local, national and international causes that have social impact.

Commercially, we face some challenges at home because we only produce high-quality product in line with the highest international standards. This means we have to compete with local products that would not meet the international MPI requirements. We’ve prepared to take this on because, frankly, New Zealand consumers deserve better.

Can shareholders expect dividends to increase?

BRETT: We’re comfortable with the current dividend pay-out ratio policy (up to 30% of net operating result) allowing dividends to grow in line with net earnings growth. We believe it strikes the right balance between saving enough cash reserves to be reinvested to grow the business and providing a cash return to loyal shareholders. We have announced a final fully imputed dividend of 3.0 cents per share, bringing the total dividend for the year to 5.5 cts, which represents a 33% increase on the prior year. I’m sure our shareholders will appreciate this, especially now, given how much capital values have been impacted globally.
It’s very pleasing to report continued strong financial performance growth in FY22. Earnings before interest, tax depreciation and amortisation (EBITDA) of $30.1M +18% or 14% of sales is at the top end of guidance. Operating profit at $20.1M is up 65% over the previous year. NPAT at $12.8M is up 35%.

This year’s performance is particularly encouraging given the material disruption to offline trade in Mainland China through the last quarter of FY22.

FINANCIAL PERFORMANCE
Reported revenue for the period increased by 9% or $17.2M in the prior period to $209M. We attribute this healthy increase to our growth markets, with North America up $7.1M (or 29% PCP), and Mainland China performance proved resilient with sales improved by 9%.

There has been another significant improvement in gross profit percentage of 640 bps, reflecting an increase of $22.6M. This is attributable to several factors. Additional productivity gains continue to result in basis point improvements. The apiary business also performed strongly, contributing an additional $2.9M benefit to cost of sales following the break-even result of the previous year. We also saw lower inventory provisioning requirements this year. These benefits were partially offset by increased freight costs due to ongoing supply chain disruption. Ecommerce sales increased to 39% of total sales ($82M), which has also contributed to the increase in the gross profit percentage as these sales are margin accretive. This is particularly encouraging given our 2025 aim for 50% of total revenue to be in ecommerce.

All other operating expenses increased by $9.5M or 14%. A portion of this increase is sales related expenditure, increasing partially in line with sales by $3.4M or 19%. Included within these expenses in the current year is M&A due diligence spend of $1.03M, as highlighted in our interim financial release. Transformation investment within operating expenses for FY22 totals $2.4M, up $1.2M on the prior year. Other increases relate to increased investment in our people, consistent with our Harmony Plan objectives, and also investment in our digital single-source platform.
EBITDA

EBITDA at $30.1M increased 18% over FY21 EBITDA of $25.5M.

In millions of New Zealand dollars

<table>
<thead>
<tr>
<th>30 June 2022</th>
<th>30 June 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>17.1</td>
</tr>
<tr>
<td>Add back: net finance cost</td>
<td>2.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>19.4</td>
</tr>
<tr>
<td>Add back: depreciation and amortisation</td>
<td>10.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30.1</td>
</tr>
</tbody>
</table>

ECONOMIC VALUE DISTRIBUTED AND RETAINED

In accordance with GRI 201-1, economic value distributed is $187.1M and economic value retained is $21.8M.

Economic value distributed is calculated as FY22 earnings before tax of $17.1M, increased by $1.1M from foreign exchange movements and reduced by $6.2M of corporate tax paid. Economic value retained is revenue less operating costs, employee wages and benefits, dividends, interest, community investments and tax paid. Economic value retained is revenue less economic value distributed.

OPERATING CASHFLOWS

The company generated a positive operating cashflow this year of $2.8M compared to $24.8M last year. While EBITDA improved, this was substantially offset by the increased investment in our inventory. This is further explained below.

Foreign exchange

A foreign exchange loss of $0.6M has been recognised in FY22 compared with a foreign exchange gain of $2.2M in the prior year. This represents a PCP swing of $2.8M, which has been substantially offset within sales and gross profit. Management of foreign exchange risk is important to smooth volatility of earnings in foreign currencies. This is particularly relevant for our growth markets where we have exposure to United States dollars and Chinese yuan renminbi. We are active in managing these risks.

Share of profit from equity accounted investees

Total share of loss this year is $0.2M, with $0.1M loss from Apiter and $0.1M share of expenses from the new investment in Caravan Honey Company. This compares to a profit last year of $1.0M.

Earnings per share

Earnings per share (EPS) for FY22 were 18.24c and diluted earnings per share were 18.13c. This compares to 13.61cps and 13.59cps respectively last year.

Dividend

With the sustainable profitable growth, the Board has approved a fully imputed final dividend of 3.0 cps. This brings the total dividends paid for FY22 to 5.5 cps and 13.59cps respectively last year.

FINANCIAL POSITION

Capital expenditure and leased assets

Property, plant and equipment valued at $65M increased by $11.6M in the current year. This comprised $6.2M of additions, offset by $4.7M depreciation. Significant additions were $2M invested in Mānuka forests and $1.8M in manufacturing process improvements.

Software and other intangibles at $14M increased $3.2M, which was mostly the result of an investment in an ecommerce single-source platform totalling $2.6M.

Leased assets less liabilities decreased by $0.1M, with additions and modifications totalling $3.5M offset by depreciation of $4.3M. $2.8M of the additions related to Mānuka forest leases.

Goodwill

Goodwill of $26.8M is largely made up of $24.9M related to Greater China and $1.9M to aparies, with no change in the current year except for a foreign exchange movement. The annual impairment testing did not highlight any impairment risk, consistent with the profitable performance of the Greater China segment and the successful apiary harvest.

Investments

In December 2021, Comvita Limited invested $5.1M in a new USA-domiciled joint venture, Caravan Honey Company. This is a strategic partnership with entertainment and sports agency Creative Artists Agency to formulate a celebrity-backed lifestyle brand using the natural healing properties of Mānuka honey and Propolis for topical use. Our investment is for 50% of the shares, and $0.1M of start-up expenses have been equity accounted in FY22.

Gan Supply is no longer trading, and dividends of $0.7M were received from this investment in the current year, which were recognised against the investment balance in the balance sheet. This relationship is now a long-term supply agreement arrangement.

Equity accounted earnings of $0.1M loss were recognised for the Apiter investment, compared with a $0.2M profit in the prior year.

Inventory

Inventory on hand has increased by $31M from the prior year to $132M. Given the ongoing disruption to global supply chains, we made the conscious decision to increase our inventory holding during this period. We anticipate that inventory holdings will remain elevated during FY23 for this same reason.

Holding more inventory in markets has increased finished goods from $39.2M to $50.0M. Raw materials have also increased due to the successful apiary harvest, acquiring more raw honey to support FY23 demand growth and a reduction in provisioning required due to the quality of inventory on hand.

Trade receivables

At $27.8M, trade receivables increased by $4.3M on FY21. This is substantially in line with the increased sales of $17.2M PCP.

Total net debt

Total net debt at year end, including term debt facilities less cash on hand, was $25.5M. This increase on the prior year balance of $4.6M is consistent with the inventory build of $31M in the current year.

Current term debt facilities expire on 1 July 2023. A review of our banking facilities will be undertaken in the first half of FY23 with appropriate facilities maintained and extended.

The company has complied with all banking covenants during the period.

Trade and other payables

Trade and other payables increased by $12.8M to $31.7M, primarily due to $9.5M of increased trade creditors related to the timing of honey purchases and apiary land use payments.

Scalable and integrated processes and access to real time data will provide Comvita long term competitive advantage."
All our markets grew both top-line and bottom-line earnings except Japan. Market share is up in our focus growth markets of China and North America, and our ecommerce also recorded higher levels of activity and revenue.

**Our Markets**

**Near and Far**

**China**
Total revenue in Mainland China increased by 9% with strong online performance offsetting material impacts of COVID-related disruption. Brand investment increased by $1M or 8% and helped drive Comvita market share to 14%. Our market share was bigger than those of participants 2-10 in the market combined.

**North America**
Very strong top-line and bottom-line performance in the world’s biggest Mānuka market saw revenue improve by 29% vs PCP and net contribution improve by 78%. Comvita is the fastest* growing Mānuka brand in combined natural and grocery channels in the North American market.

**Australia and New Zealand**
We continued to focus our efforts on developing our customer relationship with partners who amplify and support what we stand for as a brand. It’s pleasing to report that our efforts are paying off, with revenue improving by 7% and net contribution by 10%.

---

The traceability of the honey ensures the quality of Comvita products. That’s one of the reasons I keep repurchasing their products!”

-Tmall consumer, China

The best Mānuka honey available. After trying multiple brands, I found Comvita to be the best tasting and medicinally beneficial.”

-USA consumer, Facebook post

I just wanted to give a massive plug to the olive leaf lozenges! … what an absolute treasure to have these amazing products on hand … always.”

-Sandy, Victoria, Australia

---

**MARKETS / CATEGORIES**

**Market by Market**

**MARKETS**

**OUR MARKETS**

**MARKETBYMARKET**

**DIGITAL CHANNEL SHARE GROWTH**

**TOTAL REVENUE GROWTH**

**CHINA NET CONTRIBUTION GROWTH**

**NORTH AMERICA NET CONTRIBUTION GROWTH**

**MAINLAND CHINA REVENUE TOP LINE**

**NORTH AMERICA REVENUE TOP LINE**

**CONSUMER NPS**

**2022**

---

*fastest growing brand over US$200K.
Our unique model includes positioning teams in our core markets. Here’s what they achieved this year.

Our whānau now totals 552, of which 342 are in seven markets outside New Zealand.
GREATER CHINA

Greater China is our biggest market globally, with the total honey market valued at RMB8.3B (NZ$1.8B). It’s strategically imperative we continue to win here.

Despite COVID-19 having a material impact on the market performance (disruption due to offline stores being closed and distribution challenging), we made good progress in our aim to be recognised as a premium lifestyle brand, further increasing market share and brand recognition. We are delighted that other high-profile complementary brands have actively sought co-branding and partnership opportunities, again emphasising their recognition of our quality and leadership.

At segment level, Greater China revenue increased by 4% and net contribution by 15% despite increased investment in our brand. The main headwind in terms of revenue has been in the cross-border segment where sales have been materially impacted by COVID.

Our long-term presence and leadership in the China market has positioned Comvita as the clear authoritative market leader. Mainland China delivered revenue growth of 9% and net contribution of 26% vs PCP despite increasing investment in our brand by $1M. We have around 200 people on the ground in China and have further invested in team capability to set ourselves up for long-term profitable growth.

Our top-line and bottom-line performance in Hong Kong was extremely encouraging with consumer demand back to pre-COVID levels despite ongoing restrictions. Our focus on profitability in Hong Kong also delivered, with net contribution improving by 53% vs PCP.

GREATERN CHINA

<table>
<thead>
<tr>
<th></th>
<th>Full year</th>
<th>This year</th>
<th>Last year</th>
<th>vs last year</th>
<th>vs last year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZD 000s Sales</td>
<td></td>
<td>96,924</td>
<td>93,076</td>
<td>3,848</td>
<td>4%</td>
</tr>
<tr>
<td>Net contribution</td>
<td></td>
<td>22,958</td>
<td>19,908</td>
<td>3,050</td>
<td>15%</td>
</tr>
<tr>
<td>Net contribution %</td>
<td></td>
<td>24%</td>
<td>21%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

MAINLAND CHINA

<table>
<thead>
<tr>
<th></th>
<th>Full year</th>
<th>This year</th>
<th>Last year</th>
<th>vs last year</th>
<th>vs last year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZD 000s Sales</td>
<td></td>
<td>79,407</td>
<td>73,151</td>
<td>6,256</td>
<td>9%</td>
</tr>
<tr>
<td>Net contribution</td>
<td></td>
<td>19,320</td>
<td>15,282</td>
<td>4,038</td>
<td>26%</td>
</tr>
<tr>
<td>Net contribution %</td>
<td></td>
<td>24%</td>
<td>21%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

Singapore SAR ecommerce performance
FY21 vs FY22 % difference

- New customer acquisition (email sign-up) +3%
- Sessions +7%
- Revenue growth +31%
- Customers purchased +29%
- Total transaction +156%
- New customers purchase +170%

LOOKING FORWARD

We will continue our transformation and long-term investment in line with our goal to be recognised as a premium lifestyle consumer brand and significantly grow household penetration.

<table>
<thead>
<tr>
<th>GROW TOTAL ADDRESSABLE MARKET</th>
<th>BUILDING CAPACITY</th>
</tr>
</thead>
</table>


02. New spokesperson for the Manuka honey collagen drink.

03. China International Import Expo (CIIE) 2021.

04. Collaboration with Grand Marble, a renowned bakery.

05. Comvita afternoon tea with Park Hyatt Shanghai.
We enjoyed strong double-digit, top-line and bottom-line growth, with 29% growth in revenues and 78% growth in net contribution.

We are delighted with our performance in North America and continued momentum across the business. Our e-commerce sales grew by 12% at accretive margins and retail by 47% as market share growth continued.

We invested in our digital platform and our on-the-ground ecommerce expertise as we looked to over-deliver in this highly competitive channel. During FY22, the number of registered email subscribers for Comvita.com has more than doubled, enabling us to regularly connect with our loyal consumer base. Our May World Bee Month campaign saw sales growth of +41% vs May last year, and we committed to saving 10 million bees as part of our Comvita Harmony Plan.

Retail sales grew by 47% vs PCP as we continued to drive our retail distribution with an additional 1,000 new stores. The last 52-week sell-out data demonstrates that we more than doubled our sales within the natural retail channel and grew our MULO channel sales by 77%. Comvita brand well-outperformed the Mānuka category.

From an earned media perspective, we garnered 669 million media impressions. We collaborated with key dieticians, nutritional experts and influencers on our social media platforms to build and maintain thought leadership in the Mānuka category. Highlights included our collaborations with Dr Mark Hyman, Dr Will Cole and Frances Largeman-Roth. Comvita also featured in leading magazines, including USA Today, Yell magazine (where our November feature garnered 4 million impressions), Good Housekeeping magazine, People magazine and Women’s and Men’s Health online magazines and was a featured gift item for celebrities in this year’s Oscar Awards.

### NORTH AMERICA

<table>
<thead>
<tr>
<th>Reported currency basis</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NZD 000s</strong></td>
<td></td>
</tr>
</tbody>
</table>
| **This year**  
June 2022  
Sales | 31,793 |
| **Last year**  
June 2021  
Sales | 24,735 |
| **Net contribution**  
| 8,414 |
| **Net contribution %**  | 26% |

#### USA ecommerce performance FY21 vs FY22 % difference

<table>
<thead>
<tr>
<th>Reach</th>
<th>Convert</th>
<th>Engage</th>
</tr>
</thead>
</table>
| New customer acquisition  
(email sign-up) | +145%  
Revenue growth  
Customers purchased | +11%  
Total transaction  
New customers purchase | +112%  
Customers purchased | +167% |
| Sessions | -20%  
| | |

**LOOKING FORWARD**

With momentum from a successful FY22, we are forecasting continued double-digit growth in FY23. Our key focus areas include continuing to grow our digital channels and building our retail presence on shelf with existing and new customers. We will also have a strong brand and consumer focus, increasing our investment to grow household penetration, consumer registration and brand affinity.

---

**NORTH AMERICA**

- **ANNUAL REPORT**
- **COMVITA.CO.NZ**
- **ANNUAL REPORT 2022**
An encouraging FY22 performance, with revenue having improved by 7% and net contribution by 10% vs PCP, as our focus on partners who help us amplify our brand investment overseas continued and our partnership with local specialists targeting ANZ consumption delivered.

Our Asian health segments performance was strong, delivering both revenue and profit growth vs PCP, highlighting the benefit of working with partners who want to share Comvita’s unique story with highly targeted user groups. We were delighted to appear at New York Fashion Week and New York Times Square with Kiwi-Chinese fashion designer Claudia Li further growing both global recognition and brand value.

In domestic channels, we delivered growth in distribution, revenue and net contribution despite increasing brand investment by 33% vs PCP to $2.8M.

### Australia and New Zealand ecommerce performance FY21 vs FY22 % difference

<table>
<thead>
<tr>
<th></th>
<th>This year June 2022</th>
<th>Last year June 2021</th>
<th>vs last year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>New customer acquisition (email sign-up)</td>
<td>+77%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sessions</td>
<td>+67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue growth</td>
<td>+16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers purchased</td>
<td>+47%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total transaction</td>
<td>+114%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New customers purchase</td>
<td>+496%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Reported currency

<table>
<thead>
<tr>
<th></th>
<th>This year</th>
<th>Last year</th>
<th>vs last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZD 000s</td>
<td>June 2022</td>
<td>June 2021</td>
<td>%</td>
</tr>
<tr>
<td>Sales</td>
<td>34,696</td>
<td>32,444</td>
<td>7%</td>
</tr>
<tr>
<td>Net contribution</td>
<td>11,211</td>
<td>10,218</td>
<td>10%</td>
</tr>
<tr>
<td>Net contribution %</td>
<td>32%</td>
<td>31%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Looking Forward**

We continue our goal to deliver long-term profitable growth in our home markets of Australia and New Zealand. We have exciting plans that we are confident will enable us to deliver revenue and net contribution growth and achieve positive impacts, both socially and environmentally, through our Harmony Plan.

**Balanced Distribution**

**Long-term Growth**
Across Rest of Asia (including Korea, Japan and Southeast Asia), we delivered total sales growth of 8% vs PCP and net contribution was up by 3% in spite of the headwinds in Japan market (Japan revenue -15%, net contribution -$1M vs PCP). Both South Korea and South East Asia markets achieved double-digit revenue growth as our investment in our brand and our team continued to deliver.

In South Korea, our revenue was up by high double digits and profits outgrew sales revenue again as we consolidated our standing as the absolute market leader of Mānuka honey. Digital sales in South Korea continued to grow by high double digits supported by local market expertise. Southeast Asia markets delivered high double-digit revenue growth, albeit with flat net contribution, due to our long-term investment in our brand and team.

It is encouraging to report full-year growth (though immaterial) in both revenue and net contribution. Total revenue increased by 1% vs PCP and net contribution by 137% vs PCP. It’s important to recognise second-half revenue grew by 32% and enabled us to record full-year growth despite being 15% down in the first half. We delivered this full-year performance despite not trading with Amazon for the majority of the year due to an administration error (now resolved).

In South Korea, our revenue was up by high double digits and profits outgrew sales revenue again as we consolidated our standing as the absolute market leader of Mānuka honey. Digital sales in South Korea continued to grow by high double digits supported by local market expertise. Southeast Asia markets delivered high double-digit revenue growth, albeit with flat net contribution, due to our long-term investment in our brand and team.

It is encouraging to report full-year growth (though immaterial) in both revenue and net contribution. Total revenue increased by 1% vs PCP and net contribution by 137% vs PCP. It’s important to recognise second-half revenue grew by 32% and enabled us to record full-year growth despite being 15% down in the first half. We delivered this full-year performance despite not trading with Amazon for the majority of the year due to an administration error (now resolved).

All trading channels (except Amazon) showed growth vs PCP. Investments in the EMEA team capability will support profitable growth in FY23 and beyond, including the launch of Comvita Europe, now putting us in a very strong position to service the EU, the second-biggest importer of honey in the world. The new FTA between New Zealand and the EU is a very timely and positive development.

Our direct-to-consumer business grew by 23% and database by 104%. During this year, we successfully launched our Germany direct-to-consumer site, bringing over 2,000 new customers to the brand for the first time.

Looking forward, consumers in our Rest of Asia segment have used honey as a medicine for thousands of years, and this segment remains a significant opportunity for long-term profitable growth. Our immediate focus in FY23 is on turning around our performance in the Japanese market, which traditionally loves premium brands.
**Digital Transformation**

**Total Digital Growth +12% vs PCP**

**Direct-to-Consumer +25% Growth vs PCP**

We made significant strides in our digital transformation with the launch of our consolidated digital technology platform. This technology provides us with a seamless, integrated, real-time source of information on our global consumers. Throughout the year, we migrated five of our nine marketplaces onto the platform, giving us a single source of truth for over 51% of our direct-to-consumer revenue and 31% of our total global database. This consolidation has seen the pace of digital learning and insights significantly accelerate within the business.

A real focus on customer acquisition and retention this year delivered 13% growth in our global database and a record 210% growth in new consumers purchasing Comvita through ‘owned’ channels for the first time. With the ability to better service our consumers’ needs through a more intimate and relevant experience, we saw increased consumer loyalty, with retention up 4%. That translated into growth in our average value of order of 3% and an increase in the percentage of consumers who repeat purchase of 690 bps on PCP.

Despite continued challenges in the global media landscape, last mile freight and various market lockdowns, we achieved significant growth with total digital sales at $82.058M at 12% growth at accretive margins. Growth was driven by our focus on marketplace growth — from competitors in the two major ecommerce domestic ecommerce sales, taking market share and a record 210% growth in new consumers’ needs through a more intimate and relevant experience, we saw increased consumer loyalty, with retention up 4%. That translated into growth in our average value of order of 3% and an increase in the percentage of consumers who repeat purchase of 690 bps on PCP.

The growth in the China market was mainly from domestic ecommerce sales, taking market share from competitors in the two major ecommerce platforms – Tmall and JD – by emphasising the unique Comvita business model and quality. Operational excellence in store operations and holistically planned digital marketing activities proved to be the major drivers for our growth.

**Looking Forward**

We continue the course and speed of transformation, with remaining markets migrating onto the new digital platform, further accelerating our consumer intimacy and insights. With the new platform, we have the ability to share global learnings, test and learn at speed and utilise consumer insight to deliver innovation, relevance and connection.
With cardiovascular disease the leading cause of death globally and consumers increasingly looking for plant-based, natural health solutions, Comvita’s olive leaf extract is clinically proven to support cardiovascular health and is an ideal solution for the global market.

The total addressable market for cardio health products is a similar size to Mānuka honey. The cardio health market is worth $14.6B annually, growing at 8.6% as consumers begin to move from reactive to preventative treatments for cardio health as part of a holistic wellness lifestyle.

During this year, we took the opportunity to reposition the olive leaf product away from immunity and wellness and to prepare to launch it globally under a new premium wellness brand, Olive Life™, focused specifically on cardio health. The brand draws from its founding vision over 20 years ago to deliver the purest, most-effective olive leaf extract on the planet so that better heart health is available to everyone. Today, our Olive Life™ brand and communications bring science and nature together in order to have a direct conversation with consumers on how olive leaf extract can support their cardio health and wellness.

Launching with a ‘digital first’ strategy on our new digital platform has enabled Olive Life™ to launch at speed globally across North America, Asia and New Zealand. Beginning with direct-to-consumer channels in July 2022, and expanding into digital marketplaces and natural channel physical retail throughout FY23, our communication programme will continue to be digital first, with premium wellness content focused on efficacy proven by science to support cardio health in a plant-based offering.

With an established and growing business in the Australian market (+22% growth, 71% market share*), olive leaf remains a significant opportunity in global markets, with markets outside of Australia only representing <10% of total Comvita olive leaf sales in FY22.

* Australia National Pharmacy MAT to 05/06/22 – IRI Scan.

Tomorrow Feels Good

Olive Life

www.olivelifedaily.com

2022
We are deeply committed to acting in line with our purpose of working in harmony with bees and nature in New Zealand to heal and protect the world.

Mid-way through FY20, when we commenced this particular chapter in Comvita’s 48-year history, we knew a return to sustainable profit and long-term growth would require significant transformation. We were determined to deliver beyond a pure return to profitability and made a pledge to provide ongoing and progressive leadership in three critical ways: reinvesting in our team, caring for bees and our environment, and positive social impact.

Today, we are making good on that promise.

The Comvita Harmony Plan reflects the commitment by which we are holding ourselves to account and our ultimate view that, to be successful, we must deliver positive outcomes for all Comvita stakeholders.

- We have reduced our Scope 1 carbon emissions by 7% and our Scope 2 emissions by 11% in New Zealand.
- We are advocating for bee welfare around the world and doing our part to support bee populations and protection.
- We are seeking to tread lightly in our operations through clear carbon action and restoring our environment through biodiversity initiatives and native rewinding.
- We have contributed nearly NZ$280,000 to critical causes for powerful social and environmental good—spanning from Aotearoa New Zealand to Africa.
- We have aligned our efforts and impact with the material topics identified through our stakeholder materiality review completed in 2021.

As we navigate our way to a bright future, we are also progressing with care in our journey to show respect for te ao Māori.

We believe in and stand for the seemingly impossible—a world where bees and people thrive together in harmony.

DAVID BANFIELD, CHIEF EXECUTIVE
This year, we undertook a full stakeholder engagement and materiality assessment to identify and understand economic, social and environmental topics that are most material to Comvita and our broader stakeholder groups.

Working alongside thinkstep-anz, we engaged with over 170 stakeholders (internal and external), using multiple methods of engagement involving interviews and surveys – 29 initial material topics were identified.

### OUR STAKEHOLDERS
We engaged those who can have a significant impact on our business or on whom we can have a significant potential impact as a result of the work we do:
- Investors/shareholders
- Founder and Comvita Board
- Global customers
- New Zealand industry
- Iwi
- Local business community
- Suppliers and business partners
- Government
- Employees

### OUR TOP MATERIAL TOPICS
Focusing on topics that create the biggest business impact and hold the strongest stakeholder importance, we narrowed down the 29 material topics to 11. Our materiality assessment matrix is included for reference on page 89.

We acknowledge that all 29 topics are important but landed on 11 to provide focus to our efforts and impact.

<table>
<thead>
<tr>
<th>Priority*</th>
<th>New material topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product quality</td>
<td>Providing safe, high-quality products for Comvita customers world-wide.</td>
</tr>
<tr>
<td>2</td>
<td>Consumer focus and affinity</td>
<td>Delivering for customers and consumers in a way that meets their needs and inspires them to join the Comvita movement.</td>
</tr>
<tr>
<td>3</td>
<td>Employee value proposition and engagement</td>
<td>Supporting our people through, health, safety, and wellbeing. Providing a learning and growth culture and a workplace that mirrors diversity and inclusiveness.</td>
</tr>
<tr>
<td>4</td>
<td>Ethical conduct and sustainable supply chain</td>
<td>Being accountable for end-to-end Comvita global supply chain, including ensuring third-party partners are ethical, sustainable and transparent in their delivery.</td>
</tr>
<tr>
<td>5</td>
<td>Sustainable financial performance</td>
<td>Ensuring sustainable financial performance and growth to underpin Comvita’s ability to deliver a positive impact for all stakeholders.</td>
</tr>
<tr>
<td>6</td>
<td>Biodiversity</td>
<td>Proactive consideration, application and investment to encourage greater biodiversity.</td>
</tr>
<tr>
<td>7</td>
<td>Bee welfare</td>
<td>Serving as champions for bees and bee welfare, with Comvita directly supporting bee health and wellbeing.</td>
</tr>
<tr>
<td>8</td>
<td>Climate action</td>
<td>Understanding and adapting to climate impacts on the business and implementing a carbon emissions reduction strategy.</td>
</tr>
<tr>
<td>9</td>
<td>Circular economy and waste</td>
<td>Taking a comprehensive approach to minimisation of waste and recycling including end-of-life options within product design.</td>
</tr>
<tr>
<td>10</td>
<td>Mānuka and broader sector leadership</td>
<td>Stepping up to progressively lead improvement in standards and sustainability outcomes within the industry.</td>
</tr>
<tr>
<td>11</td>
<td>Collaboration and partnerships</td>
<td>Encouraging the development of stronger communities and relationships with local communities and Māori.</td>
</tr>
</tbody>
</table>

* Based on average scores achieved through paired analysis and overall impact prioritisation.
EXTRAORDINARILY PROUD OF OUR ACHIEVEMENTS

We have said from the outset that we are humbled to have the opportunity to further build on Comvita’s proud 48-year history and have our own opportunity to create a lasting legacy in this amazing company.

We have also recognised this chapter for Comvita will be capability-led, and we have been relentless in ensuring we make decisions that are both focused and long term. These are extraordinary times, and it has been a year characterised by an unprecedented amount of disruption. We could not have delivered the exceptional results of FY22 without the hard work, fortitude and unswerving belief of our teams around the world.

In FY22, we extended our transformation programme to build even greater resilience into the business and set ourselves up for long-term growth.

We have strengthened our employer brand, and we are attracting and retaining deep capability for our hive from around the world.

We have put consumers and their needs at the centre of our focus, and we are rallying around a drive to make sure every decision and action helps Comvita win in market.

We have reinforced the value of every role in our unique end-to-end model; from our first-class apiarists (leading the way to a stand-out season), right through to our extensive FMCG capability across 10 markets (driving rapid, localised adaptation).

We are extracting an increasing quality and flow of data and insights from our integrated framework, enhancing our ability to test and learn, monitor performance and scale at speed.

We have been able to contribute extraordinary impact in our communities.

It hasn’t been easy, and we recognise there is still more to do. Our Global Support Centre teams in New Zealand worked separately/remote for 77% of working days in the year in order to protect business continuity into our markets. We still have significant organisational capacity and energy to unlock through further unification and efficiency of our systems and processes so we can transition our capable people to more value-adding work. In the context of a volatile employment landscape worldwide, permanent labour turnover is up on the prior year at 20% (large multinational corporation players are now looking to poach Comvita talent), and we are yet to deepen our stance on diversity as intended.

In a year like no other, we have achieved a great deal together, and we have so much to be proud of.

A special thank you to each and every one of Comvita’s 550+ people, who share our belief in the impossible: a world where bees and people thrive in harmony.

Our next phase must be underpinned by a systematic improvement in the way we embrace and reinforce freedom, performance and accountability together at Comvita.”

—

DAVID BANFIELD, CHIEF EXECUTIVE

PEOPLE IN FOCUS

Our focus is on our people.

552
FULL-TIME EQUIVALENT ROLES GLOBALLY (EXCLUDING CASUALS AND CONTRACTORS)

75%
of Comvita Executives have international experience

15%
of global team are shareholders

25%
of FY22 appointments were internal promotions

5+
Global average years of service

25+
Longest individual years of service

20%
Voluntary labour turnover globally

68%
of 600 people globally are female

100%
Above average wage (NZ) and equal pay for equal work globally

38%
of Comvita Ltd directors are women

36%
of executives reporting to the CEO globally are women

17
Regional apiary apprenticeships under way

SUSTAINABILITY, ESG AND TFCD

PEOPLE  + BEES

SUSTAINABILITY,
ESG AND TFCD

ANNUAL REPORT

COMVITA.CO.NZ

2022

ANNUAL REPORT

COMVITA.CO.NZ

2022

PEOPLE  + BEES

SUSTAINABILITY,
ESG AND TFCD

ANNUAL REPORT

COMVITA.CO.NZ

2022

PEOPLE  + BEES
PROGRESSIVE AND LEADING EVP

For Comvita to deliver its best we aim to create an environment where our people can be at their best.”

HOLLY BROWN,
CHIEF PURPOSE & TRANSFORMATION OFFICER

PROGRESSIVE AND LEADING EVP

In keeping with the commitments we made in 2020, reinvestment in our teams has continued. In FY22, we have further differentiated the Comvita employment experience and employee value proposition (EVP) in line with our purpose and brand.

- We committed to purposeful investment in our EVP through a progressive range of meaningful initiatives.
- We supported eight of our international colleagues to achieve permanent New Zealand residency.
- We have written our very own Comvita waiata – a celebration of who we are, where we have come from and the journey we are on (see page 56).
- We have launched the Comvita Time to Heal programme – a paid day for every member of the global team to step back and make a positive contribution to their community or the environment.

INVESTMENT IN EVP

1. Committed to global team as shareholders

Having achieved our budgeted EBITDA for FY22, we are delighted to be in the position to provide all Comvita employees globally with the opportunity to take an equity position in the company through CVT shares (or equivalent).

2. Advanced medical and wellbeing protection

We provide a range of insurances, medical checks and fitness assessments across our organisation to suit the needs of our teams.

3. Re-energising our hive: long service appreciation

We now offer an extra week of wellbeing leave over and above statutory entitlements after five years of service.

4. Supporting retirement

We will support team members approaching retirement through a progressive reduction in hours on full pay from five years prior to retirement date.

MARKO ČAPARIĆ,
APIARY BRANCH MANAGER

I am proud to work for a company like Comvita, who supports and celebrates all its employees – no matter where they are from. This year, we saw quite a few in the team achieve New Zealand residency through Comvita funding and support. It is a big deal for such employees and their families to secure their future here. Some of our beekeepers are from Ukraine, and it was also moving to physically stand with them to receive a special waiata in solidarity for all that is happening right now. Especially for me, because I have friends back in Ukraine who previously lived in New Zealand and helped achieve great results for Comvita.

CEO, David Banfield
celebrating with eight of our colleagues who achieved permanent New Zealand residency.

CEO, David Banfield
celebrating with eight of our colleagues who achieved permanent New Zealand residency.

LOOKING FORWARD

Driving agility and pace
Growing a learning organisation
Aiming for +2 eNPS in FY23

LEADERSHIP

IMPACT

2022
Kei konei mātou te whānau whānui ō Comvita, mai te papakāinga o Paengaroa o ngā māra kūmara o Marukūkere.

E tū pakari, e tū kotahi, ki te hāpai i te kaitiakitanga me ngā kaupapa o te rautaki reretua kia ora ai te hunga ora ngā pī me te taiao.

E hīkoi whakahī i runga te huarahei kei mua ia mātou. He mihi kau ana ki ngā hau e whā, o te ao, o te pō.

Ko mātou tenei ngā pihi kōtuku o Comvita.

Here we are representing the global family of Comvita, from humble beginnings, established within the original kūmara gardens in Paengaroa.

We stand sturdy, and we stand in unison, as we elevate kaitiakitanga and the values of our Harmony Plan for the betterment and health of humanity the bees and the environment.

Globally, we walk together as one, in the path of Comvita's journey.

We send our greetings to the four winds both in the tangible and intangible worlds. We are uniquely Comvita.

Dave Walters, Kaitohutohu Māori to Comvita

AN INTERVIEW

David Banfield (Rāwiri, Rā) in January 2020. To have our first mihi whakatau to welcome our new CEO David Banfield (Rāwiri, Rā) in January 2020. To have our first mihi whakatau to welcome our new CEO, David Banfield. I was blown away by the vision and commitment David brought to the role. I was inspired by his passion for sustainability and Te Ao Māori and the commitment to building authentic whanaungatanga with all our kaimahi Māori there front and centre proudly knowing that they are an integral part of our business.

I have had many proud moments over my 17 years with Comvita, but the proudest of all was leading the team as Kaitohutohu Māori. I feel very fortunate to wear these two hats.

I am now Business Systems Lead for Comvita, and I also devote a portion of my time as Kaitohutohu Māori. I feel very fortunate to wear these two hats.

Kia ora. I've lived in the “Bay” for most of my life. I left the milling industry in May 2004 (with all fingers still attached) for a job as Comvita’s storeman. There were about 40 staff back then, and both Claude and Alan (Comvita’s founders) were regularly on site.

I took up a desk job as Production/Global Planner in 2006, and in 2016, I joined the ICT team as an Operations Analyst (where I discovered the USB had replaced the floppy disk). I am now Business Systems Lead for Comvita, and I also devote a portion of my time as Kaitohutohu Māori. I feel very fortunate to wear these two hats.

He aha o tūranga mahi tai i timatia ai koe? (What have been your roles since starting with Comvita?)

I chose to stay close to whānau, and I started my life at the local sawmill. To this day, I am passionate about sustainability and Te Ao Māori. Working at Comvita has provided me with an opportunity to take the steps needed to connect with Tapuika, the tangata whenua of Paengaroa, and I would love for this to blossom into a mutually beneficial, long-term partnership. I hope one day Comvita is seen as a leader in building authentic whanaungatanga relationships with Māori.

And in May this year, when we shared the Comvita waiata written by our team, I was blown away. The whakaaro (underlying principle) behind this waiata is to empower our teams with a deeper understanding of ‘te ao Māori’ world view and further enrich our business through diversity of skillset, knowledge and competencies. We are taking the steps needed to connect with Tapuika, the tangata whenua of Paengaroa, and I would love for this to blossom into a mutually beneficial, long-term partnership. I hope one day Comvita is seen as a leader in building authentic whanaungatanga relationships with Māori.

I would love for us to empower our teams with a deeper understanding of ‘te ao Māori’ world view and further enrich our business through diversity of skillset, knowledge and competencies. We are taking the steps needed to connect with Tapuika, the tangata whenua of Paengaroa, and I would love for this to blossom into a mutually beneficial, long-term partnership. I hope one day Comvita is seen as a leader in building authentic whanaungatanga relationships with Māori.

There were about 40 staff back then, and both Claude and Alan (Comvita’s founders) were regularly on site.

I took up a desk job as Production/Global Planner in 2006, and in 2016, I joined the ICT team as an Operations Analyst (where I discovered the USB had replaced the floppy disk). I am now Business Systems Lead for Comvita, and I also devote a portion of my time as Kaitohutohu Māori. I feel very fortunate to wear these two hats.

I have had many proud moments over my 17 years with Comvita, but the proudest of all was leading our first mihi whakatau to welcome our new CEO David Banfield (Rāwiri, Rā) in January 2020. To have all our kaimahi Māori there front and centre proudly being Māori and sharing the richness of our culture was awesome and very humbling. That moment was priceless.

And in May this year, when we shared the Comvita waiata written by our team, I was blown away. The words are so special and authentic to Comvita. The whakaaro is ringing loudly in this song.

For sure, you need to learn to walk before you can run, but I believe Comvita is on the right path. As a team member and shareholder, I look forward to seeing where Comvita’s journey takes us.
SAFETY + WELLBEING 
OF OUR PEOPLE

BUILDING A STRONG PLATFORM TO LIFT 
THE SAFETY, HEALTH AND WELLBEING 
OF OUR PEOPLE

We believe everyone has a right to expect to return home from work at the end of each day safe and well, and we have maintained a relentless focus on safety priorities during FY22. Despite strong improvements in our safety metrics and performance year on year, these are extraordinary times and we wanted to challenge ourselves to go deeper in terms of our safety culture.

Beekeeping can be physically demanding work at times, and we know manual handling related injuries are our largest injury cause category at Comvita making up nearly a third of all injuries reported. In addition, the COVID-19 pandemic has had a significant impact on people’s health and wellbeing. COVID-19 has also irrevocably changed our normal patterns and ways of working. We believe this is why we did not meet our near miss reporting target in FY22, and we’ve also identified a need for an elevated focus on mental wellbeing. Consequently, we have re-evaluated our self-assessed safety maturity to a lower score globally (-0.2 vs PCP). This will be an area of focus in FY23.

FIT FOR LIFE PROGRAMME

In FY22, we introduced a specially tailored suite of medical and fitness assessments across our apiary operations.

In line with the demands of beekeeping, these physical functional tests, covered lifting tolerance, mobility and range of motion, hand-gripping and aerobic fitness. They are designed for early detection of physical health issues or concerns. 86% completed the programme, and we are now in a stronger position to support our teams to meet the physical requirements of their roles.

WELLBEING ASSESSMENTS

Regular health assessments are a great starting point for recognising the implications of lifestyle habits and tracking progress of wellness initiatives.

We have introduced optional checks for our teams in the areas of cardiovascular, metabolic and mental health. With an initial focus in China and New Zealand, we were able to cover more than 70% of Comvita people in FY22.

Many described the checks as life-changing after receiving significant results or identification of risk. Our aim next year is to achieve participation rates >80%.

Note: Global performance measures (exclude contractors)

1. TRIFR – total recordable injuries per 200,000 hours worked globally (excludes contractors)
2. MVIFR – Motor Vehicle Injury Frequency Rate – motor incidents that occurred in New Zealand per 200,000 km travelled
3. MUSCLE SPRAIN INJURIES
4. LTIFR – lost time injuries per 200,000 hours worked (excludes contractors)
5. Labour hour assumptions have been made based on expected hours worked rather than actual hours worked to calculate injury frequency rates.
CONTINUOUS IMPROVEMENT

- Material system improvements made to increase insights and data capture and remove manual processes.
- Improved online access to safety portal, driving an increase in utilisation across key procedures by +59%.
- Operational safety performance dashboards introduced to improve the visual tracking of key safety performance indicators.

SAFETY MATURITY – BENCHMARK RESET

This year, we reviewed our safety maturity model based on feedback to promote improved accountability and visibility of maturity step improvements, creating a more rigorous baseline for FY23.

Our maturity model reflects multiple factors – building on a foundation of compliance, step changing towards behavioural safety leadership.

Raising the bar on ourselves across nine operations teams in New Zealand resulted in a self-assessed drop in our safety maturity index by 0.2 vs FY21.

APIARY EXTRACTION: RISK ASSESSMENT

- In FY22, we undertook an extensive risk assessment of all Comvita apiary extraction machinery against the AS/NZS 4024 standard for safe use of machinery.
- This covered all four honey extraction lines, with up to 10 specialised machines operating on each one. Hazard rating numbers have now been calculated for each major machinery component.
- Improvement areas will be closed out before the next honey extraction season.

Dave Croft, Project Engineer, Paengaroa

It was a privilege to lead our machinery safety review. Knowing my manufacturing background and passion for safety, Comvita supported me to become an accredited Safety Machinery Expert, which is a win/win because we now have inhouse capability to assess complex equipment against international safety standards. I loved working on site with our apiary teams to deep dive into this part of the business and combine our knowledge and expertise.

A large and complex project delivered: together we have built a clear line of sight to reducing machinery safety risks, as aligned to best practice. Of course, there is always more we can do to ensure safety comes first, so I am looking forward to where we go next!
PASSIONATE ABOUT BEE WELFARE

Bees are essential to the survival and flourishing of our natural ecosystems, but sadly, global bee populations are in decline. In many areas around the world, an alarming number of hives are exterminated in swarming seasons. On the flip side of this trend, it’s getting increasingly more difficult for a swarm to survive in the wild due to varroa mite and pesticides. At Comvita, we are driven to help where we can. We are scaling up our environmental activations, and we delivered 14 bee welfare experiences and education sessions over the past 12 months.

12.2M BEES RESCUED AND REHOMED
1.1K WASP TRAPS SET AND MONITORED
$123K INVESTED IN BEE RESCUE & WELFARE OPERATIONS

FIGHT BACK AGAINST VARROA DESTRUCTOR

- Varroa destructor is a parasitic mite that infests honeybee colonies, leading to disease in the hive.
- Comvita has a comprehensive varroa management programme that limits the impact of this mite on our bee colonies.
- We also have an ongoing research programme in collaboration with Plant and Food Research focusing on bee welfare. In FY22, we studied the safety and effectiveness of a range of organic treatment options across 120 hives. Findings from this study will be used to inform future research projects and improve our varroa management programme and help us reduce resistance to traditional methods.

WASP WIPEOUT

- Wasps cause a devastating impact on biodiversity, predating on bees and native wildlife.
- Comvita is the primary Wasp Wipeout project sponsor for Hawke’s Bay. We have funded the deployment of more than 1,000 traps covering 1,709 hectares on 12 public conservation areas.

BEE RESCUE INITIATIVES

- Building on the success of our Bee Rescue campaign in the USA, in 2021 (5 million bees saved), we have launched a second campaign in 2022 partnering with local beekeepers and rescuers to save hives set to be terminated.
- Our target this calendar year is 10 million bees. At the time of going to print, we had saved an estimated 6.75 million bees with a few months to go in the programme.

2022
CARBON MANAGEMENT

OUR NET GHG EMISSIONS TOTALLED 26.6KtE – AIMING TO BE CARBON NEUTRAL BY 2025

We are forging ahead at speed in terms of climate action as we position Comvita to be net carbon positive by 2030. In the last 12 months, we have set science-aligned reduction targets and have invested more than NZ$150,000 in GHG management and other sustainability initiatives, and we are pleased with the progress we are making in partnership with thinckstep-anz:

- In FY22, we reduced Scope 1 carbon emissions in New Zealand by 7% and Scope 2 emissions by 11%.
- We have set science-aligned reduction targets to reduce absolute Scope 1 and Scope 2 GHG emissions in New Zealand by 50% by 2030.
- We have completed our first full global GHG inventory, capturing end-to-end business activities across a global value chain in alignment with GHG Protocols and ISO 14064.
- We have developed a bespoke design packaging tool with reference to the Ellen MacArthur Foundation Material Circularity Indicator model.
- We have nearly completed our life cycle assessment to evaluate the environmental impacts of monofloral Mānuka honey through all stages of the supply chain.
- We have calculated the volume of renewable materials in our supply chain at 186,000kg with non-renewables at 250,000kg. We have targeted and delivered progressive improvements in recyclability, circularity and waste management.

GHG inventory data has been in accordance with, and audited against, ISO 14064:1-2018 – Greenhouse Gases Part 1. GHG Protocols - A Corporate Accounting and Reporting Standard & Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

<table>
<thead>
<tr>
<th>Emissions source</th>
<th>Total tCO₂e</th>
<th>% of scope</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1: Category 1 Direct GHG</strong></td>
<td>1,022</td>
<td>100%</td>
<td>3%</td>
</tr>
<tr>
<td>Mechanical sources</td>
<td>1,066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stationary combustion</td>
<td>192</td>
<td>19%</td>
<td>1%</td>
</tr>
<tr>
<td>Mobile combustion</td>
<td>790</td>
<td>77%</td>
<td>2%</td>
</tr>
<tr>
<td>Fugitive combustion</td>
<td>24</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Non-mechanical sources</td>
<td>16</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Scope 2: Category 2 Indirect emissions from imported energy</strong></td>
<td>429</td>
<td>100%</td>
<td>1%</td>
</tr>
<tr>
<td>Electricity consumption (location based)</td>
<td>429</td>
<td>100%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Scope 3 total</strong></td>
<td>31,140</td>
<td>100%</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Category 3: Indirect GHG emissions from transportation</strong></td>
<td>3,401</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Category 4: Indirect GHG emissions from products used by organisation</strong></td>
<td>26,825</td>
<td>86%</td>
<td>82%</td>
</tr>
<tr>
<td><strong>Category 5: Indirect GHG emissions associated with the use of products from the organisation</strong></td>
<td>866</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Category 6: Indirect GHG emissions from other sources</strong></td>
<td>48</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Optional reporting (business travel and employee commuting)</td>
<td>108</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Scope 1, 2 and 3 GHG emissions</strong></td>
<td>32,591</td>
<td>N/A</td>
<td>100%</td>
</tr>
<tr>
<td>Biogenic emissions and removals</td>
<td>(5,977)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net GHG emissions (excluding optional)</strong></td>
<td>26,620</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We have also reduced the use of herbicides, typically needed to protect young native seedlings from invasive weeds. By reducing the amount of spray (replacing with sheep grazing), we have estimated a 60–70% reduction in chemical application.

CARBON MANAGEMENT — REWILDING

FORESTS + NATURE

We have completed our first full global GHG inventory, capturing end-to-end business activities across a global value chain in alignment with GHG Protocols and ISO 14064.

- We have developed a bespoke design packaging tool with reference to the Ellen MacArthur Foundation Material Circularity Indicator model.
- We have nearly completed our life cycle assessment to evaluate the environmental impacts of monofloral Mānuka honey through all stages of the supply chain.
- We have calculated the volume of renewable materials in our supply chain at 186,000kg with non-renewables at 250,000kg. We have targeted and delivered progressive improvements in recyclability, circularity and waste management.

GHG inventory data has been in accordance with, and audited against, ISO 14064:1-2018 – Greenhouse Gases Part 1. GHG Protocols - A Corporate Accounting and Reporting Standard & Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
Retaruke-Kurua Farms is a 1,000 hectare property in Taumarunui that has been owned and operated by Jason and Cherie Smalley with Warren and Jen Bird for the last 20 years. Originally based on a traditional beef and sheep farming model, Retaruke-Kurua has evolved to include honey production and now a Mānuka forest development programme in partnership with Comvita.

"Initially our approach to managing the property was a very traditional model focused on managing scrub (Mānuka), which meant clearing existing wild Mānuka, while aiming to maximise productivity through beef and sheep," Jason says. "This brought added input costs around fertiliser to enable the farming model outputs to be successful. But our efforts also made us very aware that native Mānuka seemed to grow very well in this environment.

Jason and Cherie have always had a very straightforward view about optimising land usage and outputs: understand and work with the land use that best suits the property. "Flat land must be used for food production," they say. "But having seen the viability of Mānuka, particularly on marginal land areas, they decided to allow hives from a local beekeeper onto their property. "It was pretty small scale initially," says Jason. But after a while and noticing the evolution in the industry around Mānuka, the couple engaged with Comvita in 2016 to assess managing a hiving operation on the property.

"We agreed a land access agreement to place hives," says Jason. "For us, there were a number of factors that ticked the box with Comvita. Working with a publicly listed company brought confidence around transparency for how the partnership would work as well as accountability and ownership of results. We were also pleased with the level of focus and support that Comvita brought to the table in terms of health and safety and their willingness to work with us on track development to enable access to the Mānuka resource. Then, once we got started, we were encouraged by the success we achieved with Comvita managing hive operations each season."

SEEING THE OPPORTUNITY FOR THE FOREST

When they learned of a Mānuka forest development project that Comvita had entered into at Makino to establish Mānuka plantings on a large scale, Jason and Cherie decided to diversify into planting and developing new Mānuka forests. "It was a bit of a lightbulb moment really," they say, "and it was absolutely based on the positive financial results we were seeing from the hive management programme."

Selecting Comvita as partners was an easy choice, according to Jason. "Comvita had the skillset and expertise to support successful establishment of a Mānuka forest operationally, coupled with Mānuka cultivar plant material sourced from the Comvita breeding programme. Equally, their forest model focused on developing marginal land, which aligned with our philosophy around best use of land."

A big part of BlueSky Honey being able to attract more landowners is because of the confidence we have in the Comvita partnership and the Comvita Mānuka forest development model."
BLUESKY MĀNUKA FOREST DEVELOPMENT

The decision to work in partnership with Comvita to develop 400 hectares of Mānuka forest on their property is one both Jason and Cherie are happy with. Working with the Comvita forest development team, the planting programme itself was completed over three years using local planters and local contractors and has resulted in a high plant establishment and survival rate of 97%.

Along the way, the couple have learned some valuable lessons. For example, the sheep grazing programme has been a positive factor enabling control of grass when the Mānuka seedlings are becoming established while minimising the use of herbicide. This practice has since been deployed at other forest developments.

Results for the FY22 harvest have been very encouraging, with good-quality UMF tonnage and positive financial results. Planned hive numbers for the coming season will increase to complement and positive financial results. Planned hive numbers for the coming season will increase to complement the Mānuka resource on the property.

BLUESKY BROADENS ITS HORIZONS

Following on from the successful partnership on their own property and recognising the opportunity to generate sustainable returns through the Comvita partnership via marginal farming land, Jason together with business partner Tim Hence established BlueSky Honey, which contracts neighbouring properties to Comvita supply and hive management.

“Both Jason and Cherie appreciate the community support provided by Comvita. “It means a lot to us and the community to have Comvita pick up the baton to support the operation of the school bus. Kaitike School is a small school with 16 on the roll (highest has been 22), but the school is a key to the community. We’ve fundraised in the past to cover the costs of the school bus. While it is not a lot of children, it does have to cover a lot of ground to cover the large distance between properties in the valley. It is great to have Comvita support. All the kids know about Comvita,” they say.

“Are we also very encouraged that Comvita have bought a neighbouring property. That displays a real willingness to be part of the community through support of local initiatives and it means we have Comvita staff regularly traveling into the area.”

Jason and Cherie’s hope is that, longer term, Comvita will become an even larger and permanent part of the community, perhaps with Comvita beekeepers living and the community, perhaps with Comvita beekeepers living and the local landowners.

Both Jason and Cherie appreciate the community support provided by Comvita. “It means a lot to us and the community to have Comvita pick up the baton to support the operation of the school bus. Kaitike School is a small school with 16 on the roll (highest has been 22), but the school is a key to the community. We’ve fundraised in the past to cover the costs of the school bus. While it is not a lot of children, it does have to cover a lot of ground to cover the large distance between properties in the valley. It is great to have Comvita support. All the kids know about Comvita,” they say.

“Are we also very encouraged that Comvita have bought a neighbouring property. That displays a real willingness to be part of the community through support of local initiatives and it means we have Comvita staff regularly traveling into the area.”

Jason and Cherie’s hope is that, longer term, Comvita will become an even larger and permanent part of the community, perhaps with Comvita beekeepers living in the area.

SHARED COMMITMENT

Care for the environment is another commitment the partners share. “Both Comvita and the landowners are very focused on achieving the best possible environmental outcome.” While Jason admits it was not a priority initially, the establishment of resident blue duck and kiwi populations has been a bonus. “It’s nice to know these native species to this area, both under some environmental pressure, are now being supported. We are currently talking to Comvita about a blue duck and kiwi recovery programme, which Comvita are keen to partner with us on.”

A RESPONSIBLE CHOICE

Jason and Cherie’s longer-term aspirations are clear. They want BlueSky Honey to be one of the largest suppliers of Mānuka honey to Comvita.

As for anyone considering the Comvita Mānuka forest development model, Jason offers the following advice. “Don’t be afraid of dealing with a corporate. We did have some initial reservations, but all our concerns have been allayed. Don’t be afraid of being part of the process and sharing in their success.”

Jason says the corporate partnership has provided some real security. “The arrangement doesn’t undermine what we do as farmers. In fact, Mānuka is a very good choice for marginal unproductive land. Particularly if you have an area on the property that is challenging, take some time to explore the potential of Mānuka and consider partnering with Comvita. Look at it with open eyes, understand it. I genuinely believe it’s a responsible choice with a great story attached to it.”

Tracy Brown, Chief Operations Officer at Comvita, adds, “The success of our partnership with Jason and Cherie has enabled us to engage more deeply with the whole community. It’s an arrangement that is working for everyone: the bees, the land, the community and our livelihoods are all better off for what is happening in this area.”
We know our Mānuka forests positively support natural ecosystems by providing bees, birds and fauna an undisturbed home to flourish, land to heal and companion natives to bloom. This year, we have activated several research projects and joined with conservation partners to scale up our focus on protecting nature in need.

**EcoLógical BenefIts**

**OF MĀNUKā PLANTING**

As part of our planting programme, we aim to enhance the natural ecological balance and biodiversity of our forests. This year, Comvita has undertaken a research project with the University of Auckland funded by Callaghan Innovation to assess the ecological impacts of Mānuka forest planting. Detailed case studies are being undertaken to compare Mānuka plantings at different stages of development and assess biodiversity at the sites. The findings will help us manage and foster the abundance and diversity of terrestrial and aquatic invertebrates as well as the presence of key invertebrates. To date, the world has also identified the presence of multiple insect and bird species as well as endangered long-tailed bats.

**CREATING SAFE HABITATS**

Kiwi are under threat in Aotearoa New Zealand. After discovering more than 20 breeding pairs thriving in Mānuka forests established by Comvita, we have determined to do what we can to help reverse population decline for this iconic species.

In FY22, we formed a significant partnership with Save the Kiwi with the joint goal of developing a progressively greater area of kiwi-safe habitats together every year. Our Kiwi predator management network now extends across 1,071 hectares and is growing (Comvita supports more than 8K hectares of predator management overall).

**8,730**

**HEctares Under Predator Management**

**28**

**Km Kiwi Protection Traplines**

8,730 hectares under predator management.

3 at-risk or endangered species on our radar.

6,000+ samples taken to support biodiversity research.

The Comvita team with Save The Kiwi rangers releasing Taika the kiwi into a predator-free sanctuary in Wairākei, Taupō.
The Comvita Harmony Plan sets out our commitment to make lasting and positive contribution to communities around the world. We have made a pledge to invest 1% of our EBITDA every year in worthy social and environmental causes, and in FY22, we brought this to life with an investment of nearly NZ$280,000.

**GLOBAL IMPACT**

1% OF EBITDA INVESTED

---

**JAPAN**

More than NZ$10,000 in premium products donated to the hard workers of the Japanese Red Cross Society.

$10,000+

PRODUCTS

---

**CHINA**

1,000 units of Propolis oral spray and 500 packs of Mānuka honey lozenges donated to Shanghai hospitals.

On World Nurse Day (12 May), Comvita COVID Care Kits delivered directly to doctors and nurses.

1,000 UNITS

500 PACKS

---

**TONGA**

$25,000 to the Tonga Tsunami Relief Fund to support on-the-ground recovery.

Hives, beekeeping equipment and expertise to support farm and garden regeneration in Tonga.

$25,000 RELIEF

---

**KENYA**

Spanning Southern Africa and East Africa, Saving the Wild WOMEN is our lifetime commitment to women empowerment and cultural diversity. Our inaugural project begins in Kenya, continuing the race to secure wild land in the Kimana Wildlife Corridor. We’re betting on young Maasai women living in Kimana to lead from the front and gain financial independence through beekeeping and the arts.

Currently aged between 16 and 21, over the next four years they will be mentored by world-class Comvita beekeepers and entrepreneurs, and in four years’ time they will be handed the keys to the business or, in this case, the bee houses.

Proud to continue our work as the primary sponsor for Saving the Wild. In FY22, we provided much-needed funding to support the protection of 2 million wildlife in the Kimana Sanctuary, including the last of the world’s endangered tusker elephants.

We have also provided our expertise to support the local Maasai people to use beekeeping as a natural boundary for wildlife corridors and generate income that is reinvested to support educational outcomes for the Maasai people.
For Aotearoa New Zealand, we have undertaken some impact initiatives at a national level as well as providing community impact in all the locations where we have apiary branches (all new in FY22). Comvita’s FY22 sponsorship commitment helped the For the Love of Bees team to:

<table>
<thead>
<tr>
<th>NATIONAL</th>
<th>NATIONAL PARK/MANAWATU</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the Love of Bees</td>
<td>In a reasonably remote part of the North Island near the Retaruke River, Comvita has committed to supporting the operational costs of running the local school bus for 16 children in the area. We will also provide education days to foster bee and nature awareness.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HAWKE’S BAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our apiary team in Hawke’s Bay stepped in to rescue the football season in Haumoana — a rural town of around 1,300 people. Unexpected circumstances left the Haumoana Football Club short of resources and with no choice but to cancel registrations. Our donation funded all 16 junior teams aged 5–12 for the season.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WHANGANUI</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Kimiona Trust provides respite for individuals and families in Whanganui that have been affected by suicide, providing a place to rest and heal. Our Comvita Whanganui apiary team is supporting the development of tunnel hives on the property for sustainable healthy food growing, which also supports their kids’ healthy lunch programme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CENTRAL NORTH ISLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Central apiary team identified a need at the Te Awamutu chapter of Riding For the Disabled (RDA), and their donation will fund the upkeep of an RDA pony for a year. Our centrally located beekeepers are looking forward to a day with the RDA team and all the kids they support.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WAIRARAPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Wairarapa apiary branch discovered their local hockey club in Greytown did not have the means to provide safety gear for their senior women’s team. We provided a donation to cover the full cost and allow the women to play.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WITH AROHA FROM COMVITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bringing our Harmony Plan to life</td>
</tr>
</tbody>
</table>

On 6 May, around 200 Comvita employees travelled to Te Pā Tū | Tamaki Māori Village in Rotorua for a day of extraordinary impact. Together, we packed more than 3,500 Comvita care packs of premium honeys, pops and lozenges – all to be donated within the Bay of Plenty region, which is home to our market support centre. Each pack was personalised with a hand-written message by the Comvita team and distributed by Ka Pai Kai (a charitable trust providing school lunches to low-decile schools in the Rotorua/Eastern Bay of Plenty area). We were blown away by the community feedback and expressions of thanks and impact for the kids and their families.

“The communities where we distributed the care packs are in very low-decile socio-economic areas and were very well received with heartfelt thanks from each and every one. I sincerely hope other companies hewed the example set by Comvita and show they also care about people more than profit … and give back like you all have.” Joe Dorset, General Manager, Ka Pai Kai

“COVID took a lot from us as a community and a country — it is really heartfelt to see that there is a company that still cares about people and not only dollars. Comvita has really raised our community spirit, and we now know that we are not alone.” School Principal

“The care packs were amazing – we hardly ever have honey. It was like Christmas in our whare [house] when I got home – thank you so much.”

ROTORUA STUDENT
Leadership

AND CORPORATE

GOVERNANCE

“We’re progressing steadily with the evolution of the Board to suit the changing needs of the business.”

BRETT HEWLETT, INDEPENDENT DIRECTOR, CHAIR
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 24 August 2022. 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.

For the purpose of Listing Rule 3.8.1, the Board considers that, as at 24 August 2022, the governance structures, principles, policies and practices it has adopted are in compliance with the NZX Corporate Governance Code dated 10 December 2020 (NZX Code) except to the extent set out in the following pages.

The company’s Constitution, the Board and Committee Charters, 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 Director-specific Code of Ethics sets out these standards for all Directors and can be found in the Appendix to the Board Charter on the company’s website. Further, the company has a Code of Ethics applicable to all Directors, officers and employees in accordance with Recommendation 1.1 of the NZX Code, a copy of which is available on the website.

Training on ethical behaviour is incorporated within the company’s induction programme, with refresher training provided periodically.

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 and staff.

Specific policies are also available on the company’s website as noted below.

Mechanisms are provided within the company-wide Code of Ethics and 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.

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 Dealing 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.

Comvita makes the documents listed below available on its website.

<table>
<thead>
<tr>
<th>Constitution/Charters</th>
<th>Codes/Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constitution</td>
<td>Code of Ethics</td>
</tr>
<tr>
<td>Board Charter</td>
<td>Continuous Disclosure Policy</td>
</tr>
<tr>
<td>Safety and Performance Committee Charter</td>
<td>Financial Products Dealing Policy</td>
</tr>
<tr>
<td>Audit and Risk Committee Charter</td>
<td>Diversity Policy</td>
</tr>
<tr>
<td>Director and Officer Remuneration Policy</td>
<td></td>
</tr>
</tbody>
</table>
8. Yawen Wu was appointed director effective 13 September 2021
7. David Banfield was appointed Managing Director effective 13 September 2021
6. Zhu Guangping joined these meetings in the afternoon due to the time zone differences
5. Cheng Dayong resigned effective 13 September 2021
4. Paul Reid resigned effective 1 October 2021
3. Chair of the S&P Committee has no casting vote
2. Chair of the A&R Committee has a casting vote
1. Chair of the Board has no casting vote

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, the Board Charter and the NZX Main Board Listing Rules. The Constitution provides for the Directors to elect one of their number as Chair of the Board, and the Board Charter provides that the Chair should be an independent Director unless otherwise approved by all Directors. To encourage the process of constant evolution of the Board and succession of key roles within the Board, the Board Charter states that Directors are discouraged from standing for re-election a second time (i.e. after serving six years) unless by unanimous support from the whole Board. For the year ended 30 June 2022, the company complied with the current Listing Rules with regard to the composition of the Board and the appointment and rotation of Directors.

Director profiles, ownership interests and meeting attendance profiles of each Director with details of their experience, length of service and independence are available on the company’s website and/or in this Annual Report.

Director ownership interests (including beneficial ownership) as at 30 June 2022 are detailed in the Statutory Information section at the back of this Annual Report.

The nomination of candidates for appointment to the Board is overseen by the Safety and Performance 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.

Diversity Policy
Comvita has maintained its commitment to diversity, equity, and inclusion – a stance which is reflected in the core values and behaviours of the company. Comvita has a Diversity Policy in accordance with Recommendation 2.5 of the NZX Code, which is available on the company’s website. The Safety and Performance Committee is monitoring set diversity objectives and targets, specifically relating to pay, policies and equity, vocational development, and the diversity of senior executives (gender, and global experiences and perspectives). The Committee is positive about current progress and strategies to maintain equality on a scheduled approach.

Diversity includes processes and procedures. 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, the Board periodically 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 in accordance with the NZX Code, any Director who is or is associated with a substantial product holder is considered by the Board to be not independent.

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 the NZX Listing Rules and has determined that five of the eight Directors as at 30 June 2022 were independent.10

It is viewed that the Chairs of the Audit and Risk and the Safety and Performance Committees are independent, as are the Committee members.

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 Safety and Performance Committee and the Audit and Risk Committee. Each Committee has a specific Charter, which can be viewed at the company’s website.

The Safety and Performance Committee is comprised of Sarah Kennedy (Chair), Brett Hewlett and Rob Magor. The Committee met four times during the period.

For FY22 all Committee members were independent Directors. The Committee provides oversight to health and safety by ensuring the business maintains a strong health and safety culture that meets or exceeds the company’s obligations under legislation and best-practice standards. The Committee also recommends the remuneration policies and packages, including performance incentives for the Chief Executive Officer and the Chief Financial Officer. Additionally, it reviews the performance targets 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 and remuneration policies and guidelines for Directors. The Committee also provides guidance with respect to Comvita’s Environmental, Social and Governance aspirations and delegates responsibility for managing impacts on the economy, environment and people to the Chief Purpose and Transformation Officer who is then supported by the Head of Safety and Sustainability.

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.

Audit and Risk Committee

The Audit and Risk Committee currently comprises Luke Bunt (Chair), Brett Hewlett and Bridget Coates and met four times during the period. For FY22 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 framework of internal control and governance that the leadership team and the Board have established. The Chief Executive Officer, Chief Financial Officer and Group Financial Controller 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.

Takeway 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.

Further, the company has established formal protocols that set out procedures that should 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 disclosures 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 that 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. Broader reporting of environmental, social and governance factors is contained in the body of the Annual Report and also in the Global Reporting Initiative (GRI). A table appended to this report links disclosed information to the GRI indicators as a first step towards adopting the GRI methodology.

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 Safety and Performance 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 in the Statutory Information section at the back of the Financial Statements 2022.

Chief Executive Officer remuneration

The Chief Executive’s base salary for FY22 was $333,000. Subject to Board approval, for FY22, the Chief Executive Officer was also entitled to a short-term incentive if he met agreed financial and non-financial goals (with on-target earnings of 35% of base salary and the ability to achieve up to 44.8% of salary for over-delivery against Board-approved targets). Subject to Board approval and achievement of agreed Group performance targets, for FY22, the Chief Executive was also entitled to a long-term incentive in the form of Performance Share Rights (with on-target earnings of $130,250). In relation to performance share rights achievements in FY22, 11,831 shares were vested to the Chief Executive Officer in FY22, being one-third of the long-term incentive granted by the Board.

Senior executive remuneration

For FY22, senior executive remuneration was made up of base or fixed remuneration, an employee bonus plan and a performance share rights plan, subject to Board approval.

Staff remuneration

All permanent staff are eligible to participate in a short-term incentive scheme. Bonus payments are contingent upon achievement of company targets for the year (as approved by the Board) as well as assessment of individual delivery against objectives cascaded through the organisation and individual behaviour in line with core values.

Policy

The company has a Remuneration Policy for Directors and officers in accordance with Recommendation 5.2 of the NZX Code, a copy of which is available on the company’s website.
Principle 6 – Risk Management
The company has carried out a robust risk assessment process, described in the following paragraphs. The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks through monthly Board reporting on the risk register. Further detail on the role and responsibilities of the Audit and Risk Committee in relation to risk management is 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 Head of Safety and Sustainability, with oversight of health and safety matters sitting with the Safety and Performance Committee. The health and safety functions of the Committee are undertaken by the Audit and Risk Committee, which is responsible for overseeing the implementation and monitoring of 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 external health and safety governance training and undertakes safety walks in 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 2022 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 Board 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 Safety and Performance 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
The Audit and Risk Committee actively engages 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 recommends to the Board appropriate action to ensure its independence.

External auditor
Comvita’s external auditor is KPMG. KPMG was reappointed by shareholders at the 2021 Annual Shareholders’ Meeting in accordance with the provisions of the Companies Act 1993. KPMG was first appointed as auditor 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. However, the Audit & Risk Committee approves management’s Internal Audit Plan annually. This programme of work includes internal and external reviews of specific risk areas and includes a review of one offshore subsidiary per year. 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.

Principle 8 – Shareholder Rights and 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 that 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. The company has engaged a communications agency to assist with its investor relations programme.

To encourage shareholder participation in meetings, the Board looks to ensure notices of annual or special meetings of shareholders are posted on the company’s website at least 20 working days prior to the meeting.

Major decisions
All major decisions that 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 raising of additional capital, the Board considers the interests of all shareholders when assessing its options to raise capital. The Board will usually look to raise additional equity capital from existing shareholders on a pro-rata basis.

Stakeholder interests
The Board respects the interests of stakeholders within the context of the company’s ownership type and its fundamental purpose. The Company is committed to taking a holistic view of how it creates long-term value for all stakeholders, and considering the impact of its decisions on all stakeholders – including shareholders, employees, customers, suppliers, community, and the environment. The company is strongly committed to acting in a socially responsible manner with all stakeholders, including the wider community, whilst having an overall positive impact on the environment.

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.
## GRI CONTENT INDEX

**Statement of use**
Comvita has reported the information cited in this GRI content index for the period of 1 July 2021 to 30 June 2022 with reference to the GRI Standards.

**GRI 1 used**
GRI 1: Foundation 2021

### GRI DISCLOSURES

<table>
<thead>
<tr>
<th>GRI standard</th>
<th>Disclosure</th>
<th>Location in the report (page numbers/section headings)</th>
<th>Sustainable Development Goals (SDG)/Comvita comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRI 2 - General Disclosures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-1 Organizational details</td>
<td>Page 86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-2 Entities included in the organization’s sustainability reporting</td>
<td>Page 91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-3 Reporting period, frequency and contact point</td>
<td>Throughout</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-4 Restatements of information</td>
<td>Excluded</td>
<td>Excluded from this report as this is our first year of reporting in reference to GRI and is not applicable.</td>
<td></td>
</tr>
<tr>
<td>2-5 External Assurance</td>
<td>Page 90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-6 Activities, value chain and other business relationships</td>
<td>Page 16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-7 Employees</td>
<td>Pages 52-55</td>
<td>Partial disclosure. Will be enhanced in FY23 following system improvements.</td>
<td></td>
</tr>
<tr>
<td>2-9 Governance structure and composition</td>
<td>Page 80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-10 Nomination and selection of the highest governance body</td>
<td>Page 80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-11 Chair of the highest governance body</td>
<td>Page 80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-12 Role of the highest governance body in overseeing the management of impacts</td>
<td>Page 82 - Principle 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-13 Delegation of responsibility for managing impacts</td>
<td>Page 82 - Principle 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-14 Role of the highest governance body in sustainability reporting</td>
<td>Page 82 - Principle 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-15 Conflicts of interest</td>
<td>Page 79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-16 Communication of critical concerns</td>
<td>Page 84</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI 3: Material Topics 2021</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-1 Process to determine material topics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-2 List of material topics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-3 Management of material topics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Financial Performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 201: Economic Performance 2016</td>
<td>201-1 Direct economic value generated and distributed</td>
<td>Pages 11, 29-43</td>
<td>SDG 8, 9</td>
</tr>
<tr>
<td>Mānuka honey and Broader Sector Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 203: Indirect Economic Impacts 2016</td>
<td>203-2 Significant indirect economic impacts</td>
<td>Pages 18-19</td>
<td>SDG 8, 9, 17</td>
</tr>
<tr>
<td>Circular Economy and Waste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 301: Materials 2016</td>
<td>301-1 Materials used by weight or volume</td>
<td>Page 65</td>
<td>SDG 12</td>
</tr>
<tr>
<td>GRI 306: Waste 2020</td>
<td>306-4 Waste diverted from disposal</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 304: Biodiversity 2016</td>
<td>304-2 Significant impacts of activities, products and services on biodiversity</td>
<td>Pages 70-71</td>
<td>SDG 15</td>
</tr>
<tr>
<td></td>
<td>304-3 Habitats protected or restored</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI standard</td>
<td>Disclosure</td>
<td>Location in the report (page numbers/section headings)</td>
<td>Sustainable Development Goals (SDGs)/Comvita comment</td>
</tr>
<tr>
<td>---------------</td>
<td>------------</td>
<td>----------------------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Climate Action</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305: Emissions 2016</td>
<td>305-1 Direct (Scope 1) GHG emissions</td>
<td>Page 64</td>
<td>SDG 7, 12, 13</td>
</tr>
<tr>
<td></td>
<td>305-2 Energy indirect (Scope 2) GHG emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>305-3 Other indirect (Scope 3) GHG emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 201: Economic Performance 2016</td>
<td>201-2 Financial implications and other risks and opportunities due to climate change</td>
<td>Excluded</td>
<td>SDG 8, 13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Excluded from this report. Comvita aims to enhance climate resilience and is working towards TCFD-based reporting.</td>
</tr>
<tr>
<td><strong>Ethical Conduct and Sustainable Supply Chain</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 308: Supplier Environmental Assessment 2016</td>
<td>308-1 New suppliers that were screened using environmental criteria</td>
<td>Excluded</td>
<td>SDG 11, 12, 16</td>
</tr>
<tr>
<td></td>
<td>308-2 Negative environmental impacts in the supply chain and actions taken</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee Value Proposition and Engagement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 403: Occupational Health and Safety 2018</td>
<td>403-9 Work-related injuries</td>
<td>Pages 58-61</td>
<td>SDG 3, 4, 5</td>
</tr>
<tr>
<td>GRI 404: Training and Education 2016</td>
<td>404-2 Programs for upgrading employee skills and transition assistance programs</td>
<td>Pages 54-55</td>
<td>Partial disclosure. Dedicated learning and development role appointed in FY23 to support enhanced focus and reporting from FY23.</td>
</tr>
<tr>
<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1 Diversity of governance bodies and employees</td>
<td>Page 81</td>
<td>Partial disclosure. To be enhanced in FY23 following systems improvements</td>
</tr>
<tr>
<td></td>
<td>405-2 Ratio of basic salary and remuneration of women to men</td>
<td>Page 53</td>
<td></td>
</tr>
<tr>
<td><strong>Collaboration and Partnerships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 413: Local Communities 2016</td>
<td>413-1 Operations with local community engagement, impact assessments, and development programs</td>
<td>Pages 19, 72-75</td>
<td>SDG 11</td>
</tr>
<tr>
<td><strong>Product Quality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 416: Customer Health and Safety 2016</td>
<td>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</td>
<td>Pages 18-19</td>
<td>SDG 16</td>
</tr>
</tbody>
</table>

### Comvita’s Materiality Matrix

**Material Topics – Non-GRI Disclosures and Materiality Assessment Matrix**

<table>
<thead>
<tr>
<th>GRI standard</th>
<th>Disclosure</th>
<th>Location in the report (page numbers/section headings)</th>
<th>Sustainable Development Goals (SDGs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Value Proposition</strong></td>
<td>Investments in EVP and employee wellbeing initiatives</td>
<td>Pages 53 and 57</td>
<td>SDG 3, 4, 5</td>
</tr>
<tr>
<td><strong>% of whānau ownership</strong></td>
<td></td>
<td>Page 53</td>
<td></td>
</tr>
<tr>
<td><strong>Beekeping apprenticeships</strong></td>
<td></td>
<td>Page 53</td>
<td></td>
</tr>
<tr>
<td><strong>Mātauranga Māori</strong></td>
<td></td>
<td>Pages 56-57</td>
<td></td>
</tr>
<tr>
<td><strong>Bee Welfare</strong></td>
<td>Investment in bee welfare and bee rescue partnerships</td>
<td>Pages 60-61</td>
<td>SDG 15, 17</td>
</tr>
<tr>
<td><strong>Consumer Focus and Affinity</strong></td>
<td>Registered users and consumer retainment</td>
<td>Page 44</td>
<td>SDG 8</td>
</tr>
<tr>
<td><strong>Mānuka and Broader Sector Leadership</strong></td>
<td>Total investment into research and development in apiaries and mānuka forests</td>
<td>Pages 18-19</td>
<td>SDG 8, 9, 17</td>
</tr>
<tr>
<td><strong>Circular Economy and Waste</strong></td>
<td>Material circularity indicators, packaging recycling percentages and reduction initiatives</td>
<td>Pages 64-65</td>
<td>SDG 12</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td>Protection of iconic species and forests</td>
<td>Pages 72-73</td>
<td>SDG 15</td>
</tr>
<tr>
<td><strong>Stakeholder Value</strong></td>
<td>Value creation model</td>
<td>Page 16</td>
<td>SDG 17</td>
</tr>
<tr>
<td><strong>Product Quality</strong></td>
<td>Investment in automation undertaken in the lab to increase capacity and quality</td>
<td>Page 18</td>
<td>SDG 16</td>
</tr>
</tbody>
</table>

**Comvita’s Materiality Matrix**

- **Priority topics** identified through a materiality assessment.
- **Aligned topics** identified through follow-up analysis.
- **Other material topics**.

**Stakeholder importance (Survey)**

**ANNUAL REPORT**

**Comvita.co.nz**

**2022**

**GRI CONTENT INDEX**