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Securities trading policy

Virtus Health Limited (ABN 80 129 643 492)

Adopted by the Board on 17 May 2013

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Securities trading policy

1 Introduction

1.1 Purpose

This policy summarises the law relating to insider trading and sets out Virtus' trading policy on buying and selling of Virtus Securities.

1.2 Application of Policy

This policy applies as follows:

- (a) Parts 2 and 8 apply to all employees, directors, alternate directors, officers and contractors of Virtus (including Fertility Specialists) including their family and associates; and
- (b) Parts 3 to 8 apply to **Designated Persons** and **Associates of Designated Persons**.

Designated Persons are:

- (a) all directors, officers and other key management personnel of Virtus (including state based managing directors); and
- (b) any other person designated by the Company Secretary from time to time.

Associates of a Designated Person includes their family members, trusts, companies, nominees and other persons over whom a Designated Person has, or may be expected to have, investment control or influence.

1.3 Further advice

If you do not understand any aspect of this trading policy, or are uncertain whether it applies to you or your family or associates, please contact the Company Secretary on +61 2 9425 1722. You may wish to obtain your own legal or financial advice before dealing in Virtus Securities.

2 General inside information prohibition

2.1 Application

If you have Inside Information relating to Virtus, the Corporations Act 2001 ("**Corporations Act**") and the ASX Listing Rules prohibit you from trading in Virtus Securities.

If you have Inside Information, there is a **General Prohibition** that you cannot:

- (a) deal in (that is, apply for, acquire or dispose of) Virtus Securities or enter into an agreement to do so; or
- (b) procure another person to deal in Virtus Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that Inside Information to any other person if you know, or ought reasonably to know, that

the person would or would be likely to use the information to deal in (or procure another person to deal in) Virtus Securities .¹

These prohibitions also apply to the application for, grant, exercise or transfer of an option over Virtus Securities, and to the Securities of other entities if you possess Inside Information about those entities.

It does not matter **how** or in what capacity you become aware of the Inside Information. It does not have to be obtained from Virtus to be Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in Virtus Securities nor may you give "tips" concerning Inside Information relating to Virtus to others.

These prohibitions apply to everyone (not just Designated Persons) at all times.

2.2 What is Inside Information?

Inside Information is information about Virtus:

- (a) which is not generally available; and
- (b) if it was generally available, would be likely to have a material effect on the price or value of Virtus Securities. It can include matters of speculation or supposition and matters relating to intentions or likely intentions, of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in Virtus Securities.

Examples of Inside Information could be:

- (a) the financial performance of Virtus against its budget or against forecasts;
- (b) changes in the actual or anticipated financial condition or business performance of Virtus;
- (c) changes in the capital structure of Virtus, including proposals to raise additional equity or borrowings;
- (d) proposed changes in the nature of the business of Virtus;
- (e) changes to the Board or significant changes in key management personnel;
- (f) an undisclosed significant change in Virtus' market share;
- (g) likely or actual entry into, or loss of, a material contract;
- (h) material acquisitions or sales of assets by Virtus;
- (i) a proposed dividend or other distribution or a change in dividend policy; or
- (j) a material claim against Virtus or other unexpected liability.

¹ Note that it is Virtus' policy that no Inside Information should be disclosed by you to any other person other than in the performance of your work where all parties are covered by confidentiality agreements.

2.3 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX Limited ("**ASX**") or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

- (a) a change in legislation which will affect Virtus' ability to make certain types of investments; or
- (b) a severe downturn in global securities markets.

2.4 Penalties

Breaching the insider trading laws may subject you to:

- (a) criminal liability - penalties include heavy fines and imprisonment;
- (b) civil liability - you can be sued by another party or Virtus for any loss suffered as a result of illegal trading activities;
- (c) civil penalty provisions - the Australian Securities and Investments Commission may seek civil penalties against you and may even seek a court order that you be disqualified from managing a corporation.

Breaching the law, this policy, or both, will also be regarded by Virtus as serious misconduct which may lead to disciplinary action or dismissal.

3 No dealing in Prohibited Periods by Designated Persons

Designated Persons must not deal in Virtus Securities during the following prohibited periods a "Prohibited Period" (except in accordance with this policy).

The **Prohibited Periods** are:

- (a) from the day after Virtus' half year end, being 1 January, to the close of trading on the business day after Virtus' half yearly results are announced to the ASX;
- (b) from the day after the financial year end, being 1 July, to the close of trading on the business day after Virtus' annual results are announced to the ASX;
- (c) from 28 days before, to the close of trading on the business day after, Virtus' annual general meeting; and
- (d) during any extension to the above closed periods, and during any additional Prohibited Periods, as specified by the Board.

Designated Persons may deal in Virtus' Securities at other times subject to complying with insider trading prohibitions (see part 2 above) and the requirements of this policy.

4 Dealings by Designated Persons outside Prohibited Periods

4.1 Prior notification and clearance required for Designated Persons outside Prohibited Periods

If a Designated Person proposes to deal in Virtus Securities (including entering into an agreement to deal) at any time they must **first**:

- (a) provide **written notice** of their intention to the "**Notification Officer**" who is:
 - (i) Chairman of the Board for all directors and alternate directors of Virtus (other than the chairman of the Board), the Chief Executive Officer and the Company Secretary;
 - (ii) Chief Executive Officer for the Chairman of the Board; and
 - (iii) Company Secretary for all other Designated Persons,unless otherwise notified to the relevant Designated Person; and
- (b) provide written **confirmation** that you are not in possession of Inside Information; and
- (c) receive a clearance from the Notification Officer.

The relevant Notification Officer may appoint a delegate to act on his or her behalf in the case of temporary absence.

A clearance by the relevant Notification Officer to a notification from a Designated Person should be issued within one business day and expires five business days from the date of clearance, unless it specifies a different expiry date.

A clearance to trade confirms that the proposed dealing by the Designated Person is within the terms of the trading policy but does not otherwise constitute approval or endorsement by Virtus or the Notification Officer for the proposed dealing. Even if a clearance is granted, a Designated Person remains personally responsible for assessing whether the General Prohibition applies to them.

A register of notification and clearance is kept by the Company Secretary.

4.2 Notification of dealing

In addition to providing prior notification and seeking clearance Designated Persons must confirm in writing to the relevant Notification Officer, as soon as reasonably possible and in any event within three business days from when the dealing in Virtus Securities has occurred, the number of Virtus Securities affected and the relevant parties to the dealing.

A register of Designated Persons' interests in Virtus Securities is kept by the Company Secretary.

4.3 Securities of other entities

The Chairman may extend this policy by specifying that Designated Persons are also restricted from dealing in the securities of other specified entities with which Virtus may have a close relationship.

4.4 Associates

This policy also applies to Associates of Designated Persons, except with respect to prior notification, clearance and notification of dealing. A Designated Person must communicate on behalf of their associate with the Notification Officer for the purposes of this policy.

5 Exceptional circumstances

A Designated Person may request, and the Notification Officer may give, prior confirmation clearance for the Designated Person to:

- (a) deal in Virtus Securities during a Prohibited Period; or
- (b) dispose of Virtus Securities even if otherwise prohibited,

if there are exceptional circumstances (except if this would breach the General Prohibition).

Exceptional circumstances may include:

- (a) severe financial hardship, for example, a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Virtus Securities;
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman (or Chief Executive Officer where the Chairman is involved).

If the Notification Officer has any doubt in making a determination of exceptional circumstances, they should exercise the discretion with caution.

The requirements with respect to prior notification, clearance and notification of dealing under part 4 all continue to apply to a Designated Person where exceptional circumstances apply.

6 Permitted dealings

The following types of dealing may be undertaken at any time without requiring prior notification, approval or confirmation of dealing, subject to the General Prohibition:

- (a) **(superannuation)** transfers of Securities which are already held in a superannuation fund or other saving scheme in which the Designated Person is a beneficiary;
- (b) **(third parties)** an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Virtus Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

- (c) (**other trustees**) where a Designated Person is a trustee, trading in Virtus Securities by the respective trust provided the Designated Person is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Designated Person;
- (d) (**takeover**) a disposal of Virtus Securities arising from the acceptance of, a takeover offer scheme of arrangement or equal access buy-back;
- (e) (**pro rata issue**) a disposal of rights acquired, or an acquisition of Virtus Securities, under a pro rata issue;
- (f) (**SPPs and DRPs**) trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by Virtus' Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (g) (**lender disposal**) a disposal of Virtus Securities that is the result of a secured lender exercising their rights, however, this does not extend to disposal under any margin lending agreements, where such agreements are prohibited by this policy;
- (h) (**incentive scheme**) the exercise (but not the sale of Securities following exercise) of an option or right under an employee incentive scheme or an incentive scheme established for Fertility Specialists, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and Virtus has been in an exceptionally long Prohibited Period or Virtus has had a number of consecutive Prohibited Periods and the Designated Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (i) (**trading plan**) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this policy and where:
 - (i) the Designated Person did not enter into the plan or amend the plan during a Prohibited Period; and
 - (ii) the plan does not permit the Designated Person to exercise any influence or discretion over how, when, or whether to trade.

However, this policy does not allow the Designated Person to cancel the trading plan or cancel or otherwise vary the terms of their participation in the trading plan during a prohibited period other than in exceptional circumstances.

- (j) (**bonus issues**) acquiring Virtus Securities under a bonus issue made to all holders of Virtus Securities of the same class;
- (k) (**no change in beneficial interest**) trading Virtus Securities where the trading results in no change in beneficial interest in Virtus Securities. However, the requirements of clauses 4.1 and 4.2 must be complied with; and

- (l) **(subscription under disclosure document)** subscribing for Virtus Securities under a disclosure document.

Under the insider trading laws, a person who possesses Inside Information may be prohibited from trading even where the trading falls within an exception specified above.

7 Further restrictions

7.1 No margin lending

Designated Persons are not permitted to enter into margin lending arrangements in relation to Virtus Securities. This is on the grounds that the terms may require Virtus Securities to be sold during a Prohibited Period or when the Designated Person possesses Inside Information.

This restriction does not extend to other funding arrangements where Virtus Securities may be included as security. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

7.2 No short term or speculative trading

Virtus encourages Designated Persons to be long term investors in Virtus.

Designated Persons must not engage in short term or speculative trading in Virtus Securities or in financial products associated with Virtus Securities. Short term means in less than a 12 month period.

Designated Persons are not permitted to engage in short selling of Virtus Securities.

7.3 No hedging

Subject to the law, Designated Persons must not:

- (a) enter into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:
 - has not vested; or
 - has vested but remains subject to a holding lock; or
- (b) deal *at any time* in financial products associated with Virtus Securities, except for a type of dealing permitted by law or a permitted dealing under this policy.

7.4 Meaning of financial products

Financial products includes derivatives, options, warrants, futures, forward contracts, swaps and contracts for difference issued or created over or associated with Virtus Securities by third parties.

8 Confidential Information

You must treat all sensitive, non-public information ("**Confidential Information**") about Virtus as confidential and belonging to Virtus.

You must not disclose Confidential Information to others (including family members, relatives, business or social acquaintances) except as authorised or legally required.

You must avoid inadvertent or indirect disclosure of Confidential Information. Even within Virtus, Confidential Information should be distributed to or discussed with others only on a need-to-know basis, and those people must be told that the information is confidential.

Be careful that your conversations are not overheard in elevators, aeroplanes or other public places. Do not leave Confidential Information on conference tables, desks or otherwise unguarded.

Take whatever steps are reasonably necessary to keep Confidential Information from being disclosed, except as authorised or legally required.

9 Definitions

Associates of Designated Persons is defined clause 1.2.

ASX is defined in clause 2.3.

Board means the board of directors of Virtus.

business day means a day other than a Saturday, Sunday or public holiday in Australia.

Confidential Information is defined in clause 8.

Corporations Act is defined in clause 2.1.

Derivative has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars.

Designated Persons is defined in clause 1.2.

Fertility Specialists means the doctors with whom Virtus has contracts in place to provide fertility services of Virtus' fertility clinics and day hospitals.

General Prohibition is defined in clause 2.1.

Inside Information is defined in clause 2.2.

Notification Officer is defined in clause 4.1.

Prohibited Periods is defined in clause 3.

Securities includes shares, options, rights, debentures (including convertible notes), interests in a managed investment scheme, derivatives and other financial products covered by section 1042A of this Corporations Act.

Virtus means Virtus Health Limited and its controlled entities.

Virtus Securities means the shares in Virtus Health Limited quoted on the Australian Securities Exchange ("**ASX**") and any other Securities issued by Virtus.