

Virtus Health helps people become parents

Virtus is one of the top five Assisted Reproductive Services providers in the world with a market-leading position in Australia, Ireland and Denmark and a growing presence in the UK and Singapore. Virtus provides a comprehensive range of services from low cost and full service fertility treatment and IVF through to high-end genetics.

This 2021 Corporate Governance Statement (**Statement**) of Virtus Health Limited (**Company** or **Virtus**) has been prepared in accordance with the 4th Edition of the Australian Securities Exchange's (**ASX**) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (**ASX Principles and Recommendations**). The Board considers that Virtus' corporate governance practices have been consistent with the ASX Principles and Recommendations throughout the reporting period to 30 June 2021.

This Statement outlines our principal governance arrangements and practices for effective decision-making and accountability.

This Statement explains how the Board of Directors (**Board**) oversees the management of Virtus' business. The Board is responsible for the overall corporate governance of Virtus. The Board monitors the operational and financial position and performance of Virtus and oversees its business strategy including approval of the strategic goals of Virtus and considering and approving an annual business plan and budget.

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of Virtus while considering the interests of other stakeholders including contracted fertility specialists, employees, patients, suppliers and the wider community. In conducting Virtus' business with these objectives, the Board seeks to ensure that Virtus is properly managed to protect and enhance shareholder and stakeholder interests and that Virtus, its directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Virtus including adopting relevant internal controls, risk management processes and corporate governance policies and practices it believes are appropriate for the business and which are designed to promote the responsible management and conduct of Virtus.

Virtus' ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this Statement, our website or Annual Report, is available in the Investors section on our website.

Both this Statement and the Appendix 4G have been lodged with the ASX. This Statement has been approved by Virtus' Board and is current as at 20 August 2021.

The ASX Principles and Recommendations and Virtus' response as to how it follows and implements those recommendations are set out below.

All references to Virtus' website are to: www.virtushealth.com.au

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – A listed entity should have and disclose a board charter setting out:

- (a) the roles and responsibilities of the Board and management; and**
- (b) those matters expressly reserved to the Board and those delegated to management.**

To clarify the roles and responsibilities of Directors and management and to assist the Board in discharging its responsibilities, Virtus has a governance framework that sets out the functions reserved for the Board and provides for the delegation of functions to Board committees and to senior executives.

The Board operates under a formal Board Charter that outlines the roles and responsibilities of the Board. These include approving and overseeing the Code of Conduct (which includes the Virtus Statement of values) to support a strong

corporate culture and required governance outcomes, a commitment to actively promote ethical and responsible decision-making, effective communication with stakeholders, oversight of financial and capital management, compliance and risk management, appointing/replacing the Chief Executive Officer (**CEO**) and the Company Secretary, Board composition, structure and membership requirements.

A copy of the Board Charter can be found on Virtus' website.

The Board has delegated to the CEO the authority to manage the day to day affairs of Virtus and implementation of Virtus' strategic objectives operating within the risk appetite set by the Board. The CEO is supported in this function by the Virtus senior executive team. The Board has reserved all other responsibilities to itself under its Charter. The Board may impose further specific limits on CEO delegations of authority which are reviewed by the Board from time to time. The CEO has authority to sub-delegate to the senior executive team who are responsible for implementation of Board directed strategies at an operational level. The Board reviewed and updated the Delegation of Authority during the financial year.

Recommendation 1.2 – Director election and re-election –A listed entity should:

- (a) undertake appropriate checks before appointing a Director or senior executive or putting someone forward for election as a Director; and***
- (b) provide all material information to security holders relevant to a decision on whether or not to elect or re-elect a Director.***

The composition, structure and proceedings of the Board are primarily governed by the Constitution and the laws governing corporations in jurisdictions where Virtus operates. Virtus maintains a Board that comprises a majority of independent Non-Executive Directors, which is currently in place.

Before appointing a Director, or putting forward to shareholders a Director for appointment, Virtus retains an external independent recruitment firm to procure comprehensive reference checks covering elements such as character, experience, employment history, qualifications, criminal history, bankruptcy history and disqualified officer status. Directors are required to declare each year that they have not been disqualified from holding the office of Director by the Australian Securities and Investments Commission.

Michael Stanford resigned from the Board on 19 February 2021 to take up a role that would have created an actual or perceived conflict of interest with Virtus. An external independent recruitment firm has been retained to find a suitable Non-Executive Director to supplement the existing skills on the Board. A Director that has been appointed during the year must stand for election at the next Annual General Meeting (**AGM**). There is no limit on Director tenure.

Directors are generally appointed for a term of three years. Retiring Directors are not automatically re-appointed. Virtus provides all information about each candidate standing for election or re-election as a Director that the Board considers necessary for shareholders to make a fully informed decision. Such information is included in the explanatory notes to the notice of AGM and incorporates the candidate's biography including skills, experience and qualifications. The notes also refer to the personal qualities and attributes that will best complement the skills and characteristics of existing Directors and enhance board effectiveness and diversity of board composition. Details of other Directorships and capacity to devote the time and commitment to the role, potential conflicts of interest and whether the Board supports the appointment or re-election are also included.

Recommendation 1.3 - A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment

The terms of the appointment of a Non-Executive Director are set out in a written letter of appointment that covers matters such as the term of appointment, time commitment envisaged, required committee work, other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements. The terms of appointment of a Non-Executive Director also covers matters addressing post-termination such as ongoing rights of access to corporate information and ongoing confidentiality obligations.

Executive Directors and senior executives are issued with written service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board

The Company Secretary reports directly to the Board through the Chair and is accessible to all Directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board is set out in the Board Charter.

Recommendation 1.5 – A listed entity should:

- (a) have and disclose a Diversity policy;**
- (b) through its board or a committee of the board set measurable objectives; and**
- (c) disclose in relation to each reporting period:**
 - i. the measurable objectives set for that period to achieve gender diversity;**
 - ii. the entity’s progress towards achieving those objectives and**
 - iii. either:**
 - a. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined senior executive for these purposes;)** or
 - b. if the entity is a relevant employer under the Workplace Gender Equality Act, the entity’s most recent Gender Equality Indicators, as defined in and published under that Act.**

If the entity is in the S&P/ASX 300 index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its Directors of each gender within a specified period.

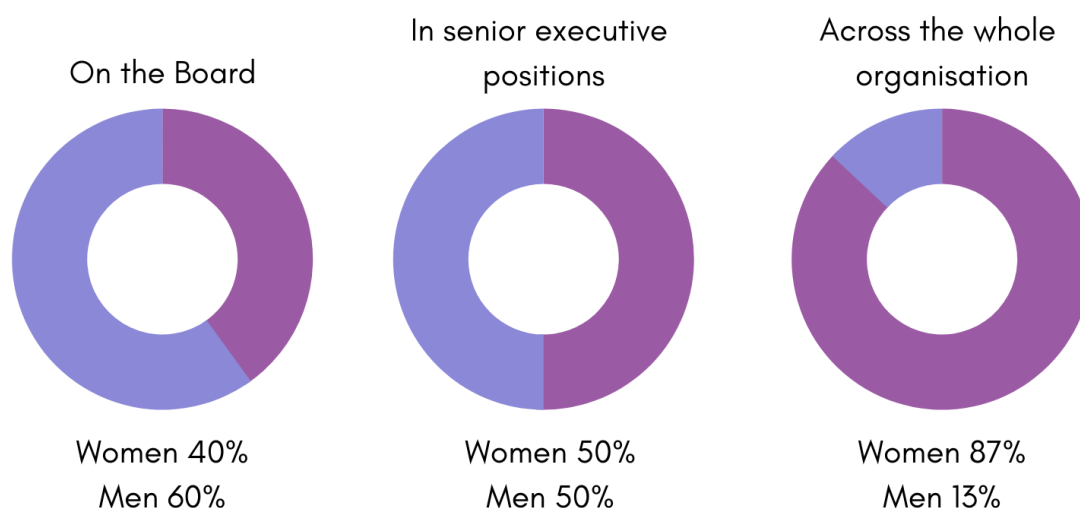
As a global business, Virtus is committed to providing an inclusive workplace that is diverse and representative of the communities in which we operate. Virtus believes a diverse and inclusive workplace delivers better outcomes for our shareholders, patients, collaborators, employees and our communities. Virtus has a Diversity and Inclusion Policy, which requires the Board to consider measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally, implementation of measurable objectives and Virtus’ progress towards achieving those objectives on an annual basis.

The policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables Virtus to attract and retain employees with the best skills and abilities.

While over 85% of Virtus’ employees are female, the representation of females reduces as the level of seniority increases. The Board’s measurable objective for gender diversity on the Board requires that there be at least two women on the Board, equating to more than 30% based on the current Board numbers. As at 30 June 2021, Virtus clearly meets this target. The Board aims to increase the proportion of women in senior executive positions when appropriate opportunities become available for qualified candidates.

Virtus and its Australian subsidiaries are relevant employers under the terms of the Workplace Gender Equality Act 2012 (Cth). Virtus has submitted a report to the Workplace Gender Equality Agency for the period 1 April 2020 to 31 March 2021 and our most recent Gender Equality Indicators (as defined in and published under the Act) are available on the Workplace Gender Equality Agency (WGEA) website at <http://www.wgea.gov.au/public-reports-0>. The data submitted to WGEA covers our Australian based staff only, not our global workforce.

The respective proportion of women and men in Virtus including its subsidiaries (**consolidated entity**) as at 30 June 2021 are as follows:



For this purpose, the Board defines a senior executive as a member of the senior executive team reporting to the CEO who makes or participates in the making of decisions that affect the whole or a substantial part of the business or has the capacity to significantly affect Virtus' financial standing.

During the year, seven appointments were made to the Senior executive team and three of those appointments were female.

The Board reviewed its measurable objectives during the year and has adopted the following objectives for 2021:

- A minimum of 30% of each gender representation on the Board.
- A minimum of 30% of each gender representation to be achieved at the senior executive level.
- At least 50% of shortlisted candidates for Board or senior executive positions are to be female.

The Board will continue to review annually the measurable objectives it has set for gender diversity, to ensure the Company continues to have diversity at Board and senior executive levels.

Virtus took a number of key steps over the past year to support and enhance our commitment to diversity and inclusion including:

- Establishing a Diversity Council – i.e.. a global employee group (supported by an independent diversity adviser) which has an advisory role to ensure we offer a work environment that is inclusive of diversity. This group has representation from all clinics other than Singapore.
- Establishing an Ally network – who are known advocates within the workplace who are available to support any LGBTIQ+ employees who may seek support in the workplace.
- Support and sponsorship of Fertility Matters who provide support and education on fertility across schools in their education module for LGBTIQ+ teenagers.

Virtus is a member of the 30% club of Australia.

A copy of Virtus' Diversity and Inclusion Policy is available on Virtus' website.

Recommendation 1.6 – A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board its committees and individual Directors; and***
- (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.***

In April 2021, an independent, external firm conducted a formal performance evaluation that involved completion of a survey, an interview with each Director and the Company Secretary covering Board focus on strategy, leadership and performance, risk management, reputation, governance, dynamics within the Board and Executive, Board processes and Board composition. The results of the evaluation were reported to the Board by the external firm at a Board meeting in April and the Board agreed five priorities as areas of focus for the next twelve months.

The performance of individual Directors was discussed by the Chair with each Director and in the case of the Chair, feedback was provided from the Directors to the Chair via the external independent firm.

The Board also monitors its performance on an informal basis throughout the year and makes changes to Board practice where appropriate.

Recommendation 1.7 – A listed entity should:

- (a) have and disclose a process for evaluating the performance of its Senior executives at least once every reporting period; and***
- (b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.***

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of CEO direct reports. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets and the overall performance of Virtus. Key Performance Indicators (**KPIs**) are both financial and non-financial and are individual in nature.

Informal feedback was also provided to the CEO following discussions with direct reports, Board members, fertility specialists and investors. Further information on the senior executives' performance measures and assessments can be found in the Remuneration Report contained in the Annual Report.

Principle 2: Structure the board to be effective and add value

Recommendation 2.1 –Nomination Committee

The Board has established a combined Nomination and Remuneration Committee, with the following membership:

Director's name	Executive status	Independence status
Greg Couttas – Chair	Non-Executive Director	Independent
Michael Stanford ¹	Non-Executive Director	Independent
Sonia Petering	Non-Executive Director	Independent
Shane Solomon ²	Non-Executive Director	Independent

All of the Committee members and the Chair are independent, Non-Executive Directors.

The role of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter. In summary its role is to assist and advise the Board on the following nomination related matters:

- Director selection and appointment practices.
- Director performance evaluation processes and criteria.
- Key management personnel remuneration and incentives.
- Board composition.
- Succession planning for the Board and senior executives, to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of Virtus as a whole.

A copy of the Nomination and Remuneration Committee Charter is available on Virtus' website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of Directors' section of the Directors' report.

Recommendation 2.2 – A listed entity should have and disclose a Board Skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board considers that its Directors have the combined skills and experience to discharge their respective responsibilities.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary for optimal performance of the Board. It is also used when recruiting new Directors based on the attributes of the current Board members. The information presented below outlines the Board's current skills matrix that was reviewed during the year.:

Skill category	Description of attributes required	Existence in current Board (out of 5 Directors)
Health Sector experience	Experience in holding senior leadership roles in domestic or international health sector or related industry.	3
Consumer facing industry experience	Experience in leadership role for an organisation in a domestic or international consumer facing industry.	5
Digital Transformation	Experience in adoption of digital technology to transform services or businesses, through replacing non – digital or manual processes with digital processes or replacing older	3

¹ Dr Michael Stanford was an independent Non-Executive Director and Chair of the Committee until his resignation from the Board and Committee on 19 February 2021.

² Shane Solomon attended all meetings as a Non-Executive Director following Dr Stanford's resignation.

		digital technology with newer digital technology to drive innovation and grow a services business.	
Strategy		Experience and skill in development of or overseeing strategy implementation to achieve business objectives, and identification and critical assessment of strategic opportunities and threats to the company.	5
International development	business	Experience in development of business in an international jurisdiction to an Australian organisation.	2
Leadership		Sustained success at senior leadership level in a large complex organisation.	5
Board experience		Experience serving on other Boards currently or in the past, both ASX listed and non-ASX listed organisations	4
Governance, Risk and compliance		Knowledge and experience in best practice governance structures, policies and processes, establishing risk and compliance frameworks, identification of and monitoring key risks to the company related to each key area of operations. Knowledge of legal and regulatory requirements.	5
Financial acumen and audit		Qualifications and experience in analysis and interpretation of accounting and finance issues including assessment and resolution of audit and financial reporting risks, financial management of projects and company, analysis of financial performance, overseeing capital management.	5
People		Experience in overseeing and assessing senior executive, remuneration frameworks and strategic people management within a large organisation and delivering significant cultural transformation, including the ability to appoint and evaluate the CEO and senior executives, succession planning for key executives, setting of key performance hurdles, experience in industrial relations and organisational change management programmes.	4
Capital allocation		Experience evaluating and assessing capital allocation proposals and strategies, mergers and acquisitions.	4
Health, Environment and Sustainability/corporate social responsibility	Safety, and	Experience related to workplace health and safety, environmental and social responsibilities and community.	5
Legal and regulatory		Legal qualifications and/or regulatory experience.	2

The biographies of all Directors are included in the Director's Report in the Annual Report.

The average age of Board members is 60 years. The average tenure of Non-Executive Directors is 5 years.

In addition to the specific skills that are required at Board level identified in the matrix above, the Board considers that all members of the Board each have the following attributes:

Leadership	Represents the company positively amongst stakeholders and external parties; acts decisively ensuring that pertinent facts are considered; leads others to actions; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement to matters discussed at Board meetings; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.

Ability to think strategically	Ability to apply strategic thought and judgement in assessing strategic opportunities for the business and reviewing strategic priorities in overseeing implementation and development of strategy.
High level Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives, willing to question and provide constructive challenge.
Commitment to Corporate governance	Commitment to the highest standards of corporate governance mechanisms, controls and channels to effectively govern and manage risks.
Time available	The capacity and time available to devote to the Virtus business.
Fit	Board members are respectful, open to diversity, collegiate, share their views openly in Board discussion, supportive of the ARS industry, able to drive change in a positive and dynamic way.

Recommendation 2.3 – A listed entity should disclose:

- (a) the names of Directors considered by the board to be independent Directors;**
- (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3, but the board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and**
- (c) the length of service of each Director.**

The Board assesses annually the independence of each Director using the criteria set out in the ASX Principles and Recommendations to ensure that those designated as independent do not have any alliance to the interests of management, substantial shareholders or other relevant stakeholders. They must be free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Virtus and its shareholders generally.

Details of the Board, their appointment date, length of service and independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Sonia Petering	1 September 2014	7 years	Independent Non-Executive
Kate Munnings	18 March 2020	1.4 years	Non-independent Executive
Lyndon Hale	17 May 2013	8 years	Non-independent Executive
Greg Couttas	5 October 2016	5 years	Independent Non-Executive
Shane Solomon	24 September 2018	3 years	Independent Non-Executive
Dr Michael Stanford ³	2 September 2019	1.5 years	Independent Non-Executive

The Board may determine that a Director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations. There were no Directors in this category for the period ended 30 June 2021.

As part of its independence assessment, the Board considers the length of time that the Director has been on the Board, as a prolonged service period may also be seen to impair independence. The Board concludes that no Non-Executive Director has been on the Board for a period which could be seen to compromise their independence.

Where it is determined that a Non-Executive Director should no longer be considered independent, Virtus shall make an announcement to the market. As part of the continual assessment of Director independence, the Board reviews the Directors' shareholding and standing notice registers at each Board meeting. Directors are not involved in decisions where they have, or could be perceived to have, a conflict of interest or a material personal interest. Any Director who considers they may have a conflict of interest or a material personal interest in any matter concerning the Company must declare it immediately. The Company Secretary also monitors all information coming to the Board and its committees. Potential conflicts are flagged with the affected Director and the Chair.

Recommendation 2.4 - A majority of the board of a listed entity should be independent Directors

Having regard to the response to Recommendation 2.3 above, the majority of the Board at the reporting date were

³ Dr Michael Stanford was an independent Non-Executive Director and ceased his position from the Board on 19 February 2021.

independent. The Board currently consists of three independent Non-Executive Directors and two non-independent executive Directors (CEO and Managing Director and a senior practicing fertility specialist)

Recommendation 2.5 - Chair and CEO

Sonia Petering is Chair of the Board and is considered to be an independent Non-Executive Director of Virtus. Kate Munnings is the CEO and Managing Director. There is a clear line of responsibility between the Chair and the CEO.

Recommendation 2.6 – A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.

New Directors undertake an induction program coordinated by the CEO and Company Secretary on behalf of the Nomination and Remuneration Committee. The program includes strategy briefings with senior executive and staff, inspection of key company sites (travel restrictions permitting) and access to board reference documents. These include minutes from previous meetings, explanations and copies of Company policies and procedures, governance frameworks, code of conduct and values, company history, Director and executive profiles and other pertinent Company information such as Virtus’ strategic plan, its financial position and any material risks. New Directors are also provided with a copy of the Securities Trading Policy.

Virtus has adopted a Board Induction program that is aimed at providing new Directors the opportunity to build their knowledge of the group quickly and make an effective contribution to the work of the Board. Directors are given direct access to Management and the Company Secretary to assist with the understanding of the business.

Virtus also supports appropriate training and briefings to ensure that Directors can enhance their skills and remain abreast of important developments to enable them to discharge their Director obligations as effectively as possible.

During the year, the COVID19 pandemic impacted on a number of scheduled site visits and the Virtus Clinical Day which was held online rather than in person. These activities will be resumed when it is safe and appropriate to do so.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly


Recommendation 3.1 –A listed entity should articulate and disclose its values

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct supported by relevant underlying policies. The Board, all employees, officers, contractors, consultants and other persons that act on behalf of Virtus and associates of Virtus are required to act in accordance with the Code of Conduct and our other policies and procedures, our values guiding the way we work.

Virtus core values include:

SUCCESS

We centre our world on giving our patients the best chance of success.





TEAM WORK

We support each other and recognise the contribution of all our people.



INNOVATION

We encourage curiosity and seek out new methods and ideas to improve how we work.

RESPECT

Our patients, their families and our colleagues are treated with respect and dignity.



Recommendation 3.2 – A listed entity should:

- (a) have and disclose a Code of Conduct for Directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that Code.**

Virtus is committed to acting lawfully, ethically and responsibly, wherever we operate around the world. Virtus' Code of Conduct is a meaningful Statement of Virtus' core values, commitments, ethical standards and policies of Virtus and outlines the standards of conduct expected of Virtus' business and people in the way we work. In particular, the code requires awareness of, and compliance with, Virtus' operating policies and procedures.

The key aspects of this code are to:

- Act with honesty and integrity in all dealings both internally and externally.
- Respect all people, their ideas and cultures and to reflect this respect in all behaviours and actions.
- Maintain a safe working environment to safeguard the health and safety of employees, consultants, contractors, patients, suppliers and other persons who visit Virtus' workplaces.
- Develop a culture of excellence and deliver quality of service that meets the expectations of patients, regulatory requirements and continuously improves.
- Develop Virtus' people to ensure that patients have access to the best possible care and outcomes.

The Code of Conduct sets out Virtus' policies on various matters including conflicts of interest, use of Virtus' property, giving or accepting gifts (including money), dealings with politicians and government officials, confidentiality, privacy, fair dealings (in relation to suppliers, competitors and clients), discrimination, bullying, harassment, vilification, health and safety, compliance with laws and regulations, responsibility to shareholders and the financial community, insider trading obligations and whistle-blower protections.

The code also sets out the consequences for a breach of the Code of Conduct, including the possibility of legal or disciplinary action. The Code of Conduct is available on Virtus' website.

Virtus also has a specific Code of Conduct which applies to fertility specialists contracted to provide services to Virtus clinics in Australia, Ireland, Denmark, United Kingdom and Singapore.

Recommendation 3.3 – A listed entity should:

- (a) have and disclose a Whistleblower Policy; and**
- (b) ensure the Board or a committee of the board is informed of any material incidents reported under the Policy.**

Virtus has a Whistleblower Policy which sets out how to report any suspected or actual misconduct in relation to Virtus, channels for reporting improper conduct, procedures for investigating the conduct, consequences for engaging in the conduct and Whistleblower protections under the policy and the Corporations Act.

The board is notified of disclosures received under the Whistleblower Policy and oversees any required investigations.

A copy of the Company's Whistleblower Policy can be found on the Company's website.

Recommendation 3.4 – a listed entity should

- (a) have and disclose a Fraud, Anti-Corruption and Bribery Policy; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of the Policy.**

The Board has in place a Fraud, Anti-corruption and Bribery Policy addressing fraud, corruption, bribery, facilitation payments, political donations, gifts and entertainment. The policy provides examples of matters covered by the policy. Reporting and investigative procedures of breaches and consequences of policy breaches (both civil and criminal) are addressed in the policy.

The Company is committed to a zero tolerance approach to acts of bribery, fraud or corruption and the Board is informed of any breaches.

All reports made under the Policy are reported to the Chief Legal and Risk Officer who reports material breaches to the Board.

A copy of the Company's Fraud, Anti-corruption and Bribery Policy can be found on the Company's website.

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1 – Audit Committee

The Board maintains an Audit Committee in accordance with the requirements of the Audit Committee Charter. The members are:-

Director's Name	Executive Status	Independence Status
Greg Coultas - Chair	Non-Executive Director	Independent
Sonia Petering	Non- executive Director	Independent
Shane Solomon	Non-Executive Director	Independent

All of the Audit Committee members and the Chair are Non-Executive Directors and are independent. The Chair of the committee is not the chair of the Board.

Details of the qualifications and experience of the members of the Committee is provided in the 'Information on Directors' section of the Directors' report and on Virtus' website.

The role of the Audit Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including oversight of the:

- Integrity of Virtus' external financial reporting and financial Statements.
- Appointment, remuneration, independence and competence of Virtus' external auditors.
- Performance of the external audit function and review of their audit.
- Effectiveness of Virtus' system of financial risk management and internal controls.
- Internal audit function and the internal audit plan.
- Virtus' systems and procedures for compliance with applicable legal regulatory requirements.

A copy of the Audit Committee Charter is available on Virtus' website.

The number of Audit Committee meetings held and attended by each member is disclosed in the 'Meetings of Directors' section of the Directors' report.

Recommendation 4.2 – Declaration from CEO and CFO on Financial Statements

In relation to the financial Statements for the financial year ended 30 June 2021 and the half-year ended 31 December 2020, Virtus' CEO and CFO provided the Board with declarations stating in their opinion:

- (a) With regard to the integrity of the financial report of Virtus Health Limited:
- The financial Statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the *Corporations Act 2001*, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements.
 - The financial Statements and associated notes give a true and fair view, in all material respects, of the financial position as at balance date and the performance of Virtus for the period ended on the balance date as required by Section 297 of the *Corporations Act 2001 (Cth)*.
- (b) With regard to the financial records and systems of risk management and internal compliance and control of Virtus Health for the period ended on the balance date:
- The financial records of the Company have been properly maintained in accordance with Section 286 of the *Corporations Act 2001 (Cth)*.
 - The Statements made in a) above regarding the integrity of the financial Statements are founded on a sound system of risk management and internal compliance and control.
 - The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively in all material respects.
 - Subsequent to balance date, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company.

The Company also obtains assurances from the senior executives and finance employees covering their areas of responsibility in relation to the preparation of the financial Statements. These assurances assist the CEO and CFO in being able to make their declarations to the Board.

The Board does and will continue to seek these assurances prior to approving the financial Statements for all half year and full year results.

Recommendation 4.3 – A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Virtus is committed to providing clear, concise and effective disclosure in its corporate reports. The Board recognises investors rely on a range of corporate reports to inform investment decisions such as annual Directors' reports and other reports. Where reports are not required to be audited, reports are prepared by or under the supervision of subject matter experts and material Statements in the reports are reviewed for accuracy by relevant executives and senior managers prior to review and consideration by the Board.

All ASX announcements are reviewed by the CEO and CFO and all announcements other than administrative announcements must be approved by the Board prior to release to the ASX.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1

Virtus is committed to effective communication with its investors and the wider community. Virtus strives to ensure that all stakeholders, market participants, patients and the wider community are informed in a timely manner of its activities and performance in line with its Continuous Disclosure Policy and the *Corporations Act 2001* (Cth). Listing rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to the ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Virtus maintains a written Disclosure Policy that outlines the responsibilities relating to the Directors, officers and employees in complying with Virtus' disclosure obligations under the ASX Listing Rules and *Corporations Act* (2001). Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance so that appropriate analysis can be conducted. Legal advice may also be sought from the Company's external legal counsel.

Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Company Secretary is responsible for ensuring that the Board is aware of items of business that could result in an announcement. The Board is required to authorise announcements of significance to Virtus such as significant acquisitions, disposals and closures, material profit upgrades or downgrades, dividend declarations and buybacks, and any other transaction flagged by the Chair as being fundamentally significant.

The Company Secretary is responsible for advising when announcements are not required due to either circumstances such as where the information relates to matters of supposition or is insufficiently definite, it concerns an incomplete proposal or negotiation, the information is confidential or would represent a breach of law if disclosed, and where a reasonable person would not expect the disclosure of the information.

No member of Virtus shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

A copy of the Disclosure Policy is available on Virtus' website.

Recommendation 5.2 -A listed entity should ensure that its Board receives copies of all material market announcements promptly after these have been made.

The Board has in place procedures to remain, at all times, aware of all material market announcements. The Board (or in the absence of the full Board being available, a Committee of the Board) authorises market announcements after consultation with the Company Secretary and the CEO.

The Disclosure Policy requires that the Board receives copies of all material market announcements promptly after they have been made.

Recommendation 5.3 – A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation

It is Virtus' policy that if the Company proposes to give a new and substantive investor and/or an analyst a presentation, a copy of the presentation material is provided to the ASX Market Announcements Platform prior to delivery of the presentation.

Principle 6: Respect the rights of security holders

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

Virtus maintains information in relation to governance documents, Directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on Virtus' website.

Virtus' website contains a large amount of information for investors and this is primarily contained in the For Investors section. The following information for investors is located under the For Investors section:

- ASX Announcements.
- Reports and Presentations.
- Board of Directors;
- An Investor Calendar – detailing key investor events.
- Corporate Governance information – including Charters and Policies.
- Shareholder services - share registry contact information.

The 'Home' section also contains general Information about Virtus and its activities and the 'News' section contains all Virtus media releases. Corporate contact information is also located on the website.

The website also provides links to all Company operations which provide detailed information regarding the services provided to patients in Australia, Denmark, Ireland, United Kingdom and Singapore. There is also a section on Virtus' latest published scientific and clinical research.

Recommendation 6.2 – A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

Virtus ensures shareholders and other stakeholders are fully informed of its governance processes and are notified of any major developments affecting the Group. In order for investors to gain a greater understanding of Virtus' business, governance practices, financial performance and future prospects, Virtus has implemented an Investor Relations Program. Virtus schedules interactions during the year where it engages with institutional and private investors, proxy advisors, analysts and the media via a range of forums and publications. Scheduled interactions take place following the announcements of half-year and full year results. Where presentations are given to shareholders at institutional investor events, Virtus discloses details of any presentations provided to the ASX at the time of the presentation.

Meetings and discussions with analysts must be approved by the CEO and are generally conducted by the CEO and/or the CFO. The discussions are restricted to explanations of information already within the market or which deal with non-price sensitive information. These meetings are not held within blackout periods that commence at the half year period end dates, 31 December and 30 June, in advance of the release of interim or full-year results.

Recommendation 6.3 – A listed entity should disclose how it facilitates and encourages participation at meetings of security holders

Virtus encourages shareholders to attend Virtus' AGM, usually held in November each year. Shareholders are provided

with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting is also posted on Virtus website and lodged with the ASX. The next Annual General Meeting will be held on 18 November 2021.

In addition, a document or electronic request is enclosed with the notice of meeting to invite shareholders to submit questions to the Board, management or the auditors prior to the AGM so that they may be answered during the meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the AGM are encouraged to lodge a proxy in accordance with the *Corporations Act*. Proxy forms may be lodged with the share registry electronically, by mail, hand delivery or by facsimile. For FY20, the Annual General Meeting was held electronically, having regard to the Government’s recommendations regarding social distancing as a result of the COVID19 pandemic. It is possible the FY21 Annual General Meeting may also be held electronically for the same reasons. Shareholders are able to vote and participate in the AGM using technology.

Transcripts of the Chair and CEO’s addresses to shareholders are also released to the ASX upon the commencement of the AGM. These transcripts, together with the results of the AGM are also posted on the Virtus website and the ASX.

Recommendation 6.4 – A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

At the Virtus AGM, shareholder votes on substantive resolutions shall be decided by a poll and not a show of hands. This gives effect to the listing rules principle of ‘one security one vote’. Shareholders are also able to register their voting instructions electronically via its share registry Link Marketing Services Limited.

Recommendation 6.5 – A listed entity should give security holders the option to receive communications from and send communications to the entity and its security registry electronically.

Virtus engages its share registry Link Marketing Services Limited to manage the majority of communications with shareholders. Shareholders are provided with an option to receive communication from, and send communications to, Virtus and the share registry electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry.

Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the link provided on the Virtus website in the For Investors section or through the Link Market Services website at <https://www.linkmarketservices.com.au/corporate/home.html>

Principle 7: Recognise and manage risk

Recommendation 7.1 – Risk Committee

The Board has established a Risk Committee in accordance with the requirements of the Risk Committee Charter. The members are:

Director’s Name	Executive Status	Independence Status
Shane Solomon - Chair	Non-Executive Director	Independent
Greg Couttas	Non-Executive Director	Independent
Kate Munnings	Executive Director	Non-independent

The Committee has three members and Ava Bentley, Group General Manager, Legal and Risk and Lyndon Hale, Executive Director are also invitees of the Risk Committee. The majority of the Committee are members and the Chair are independent.

Details of the qualifications and experience of the members of the Committee is provided in the ‘Information on Directors’ section of the Directors’ report. The number of Committee meetings held and attended by each member is disclosed in the ‘Meetings of Directors’ section of the Directors’ report.

The Risk Committee operates pursuant to a charter, which is available on Virtus’ website. The charter includes the committee’s responsibilities which include procedures for general risk oversight and monitoring, internal control and risk

management, risk transfer and insurance and other responsibilities.

The Company has also established a Clinical Governance Committee to promote and support an integrated approach to clinical risk management and continuous improvement across Virtus including patient care, clinical standards and quality assurance.

Recommendation 7.2 – The Board or a committee of the board should:

- (a) Review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and**
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.**

The Risk Committee reviewed Virtus’ risk management framework during the financial year and made recommendations for the improvement of the framework to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board. The Group maintains a Risk Register that documents all identified risks, lists appropriate actions to mitigate risks, reviews the processes for reduction of risk and nominates people responsible to take ownership of key risks and the mitigation strategies. The Risk Committee also reviewed the risk appetite statement for each of its risk categories and reviewed the Company’s material risks during the period.

Recommendation 7.3 -A listed entity should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or**
- (b) If it does not have an internal audit function, that fact and the processes it employs to evaluating and continually improving the effectiveness of its risk management and internal control processes.**

Virtus has established a dedicated outsourced internal audit function whose role is to provide the Board and management with independent and objective assurance on the effectiveness of Virtus’ governance, risk management and internal control processes. An external provider, working in conjunction with both the Audit and Risk Committees is responsible for the testing and maintenance of select internal controls and procedures of Virtus. The external provider is appointed by the Board and reports to the Audit and Risk Committees who, in conjunction with executive management, determine the internal audit scope and plan in alignment to business risks, the annual budget, monitor the performance of internal audit and approve recommendations for implementation. The internal audit function works closely with the CFO and is given unrestricted access to the books and records of Virtus. The function is operated independently of the external audit.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to environmental or social risks and if it does, how it manages or intend to manage those risks

The Operating and Financial Review which is contained on our 2021 Annual Report details material risks associated with Virtus which could impact the future financial and operating results of the Company.

Virtus focuses on effective management of material business, operational, financial, human resource and legal risks. Within these areas, specific identified risks that arise from actions by competitors, technological developments, market changes, cybersecurity breaches, key person risks, clinical risks and government policy changes are captured in the enterprise Risk Register. Risks arising from the COVID19 pandemic have been and are continuing to be effectively identified, managed and reported to the Board.

The management of Virtus and the execution of its growth strategies are subject to a number of risks, which could adversely affect Virtus’ future development. The management and Board seek to mitigate exposures to Virtus and will continue to enhance response plans to address risks. The following is not an exhaustive list or explanation of all risks and uncertainties associated with Virtus (and its subsidiaries), but those considered by management to be the principal material environmental and social risks which could impact the future financial performance of Virtus:

Material Environmental and Social risks

COVID-19	The COVID-19 pandemic continues to present a significant risk to our employees, patients, fertility specialists and our business and we continue to monitor and actively implement Government requirements and strict infection control initiatives.
Employee engagement, diversity and inclusion	The Company is committed to an active equal opportunities policy. It is the Company’s policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Company. Virtus has appointed a Group General Manager, People and Culture to further develop the support

systems to enhance employee engagement and inclusion. Virtus has a Diversity and Inclusion Policy, Racial and Religious Tolerance Policy and a separate Bullying and Harassment Policy to reinforce its equal opportunities objectives.

Virtus has also established a Diversity Council which is a global employee group supported by an independent diversity adviser which has an advisory role to ensure we offer a work environment that is inclusive of diversity. Virtus have also established an Ally network who are known advocates within the workplace who are available to support any LGBTQI+ employees who may seek support in the workplace.

We have expressly named miscarriage as an entitlement for leave under our compassionate leave policy and educate staff on the impacts of miscarriage.

During the COVID19 pandemic, we have implemented a flexible approach for our people to be able to work from home where possible.

Employee welfare, health and safety

Virtus employees work in environments which are designed to meet the aspirations of patients and employees; workplaces are designed to make patients and staff feel welcome and comfortable. Virtus recognises that flexibility is important to patients and the staff who deliver the services to patients and where operational requirements allow, Virtus adopts a flexible approach to staff working conditions.

Virtus encourages employees to apply for career development opportunities by advertising internal job opportunities, whether in their existing workplace or another Virtus location; successful application to a new position is subject to meeting the qualifications and experience required by the role.

Virtus provides all employees with access to a confidential counseling service, administered by a third party and this allows individuals an opportunity to discuss any personal or work related issue with complete confidentiality.

Virtus utilizes a user friendly intranet and an electronic induction system in Australia which delivers online training to all employees. Virtus employees may also access a full suite of Workplace Health and Safety procedures which are made available on the intranet.

The Board monitors workplace safety using software which records all health and safety related incidents. The Board reviews a monthly report from senior executives covering group operations. The incident report is also considered by the Risk Committee. The Board in conjunction with executive management uses the incident report to continuously assess workplace health and safety issues and where appropriate, takes action to introduce operational improvements to minimise risk where reasonably possible.

Virtus has appointed a Group General Manager, Legal and Risk with the objective of improving consistency and coordination of workplace health and safety compliance reporting in its Australian activities. Virtus international clinics are also adopting the reporting methodology and software reporting systems to record health and safety incidents.

Opportunities for all employees

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Climate change

Virtus Board has conducted a preliminary review of the potential impact of climate change on its business activities. Published research into the impact of climate change on human fertility is currently limited, with most research activity limited to the impact of climate change on other species, such as insects and small mammals. The Board will monitor developments in this area as the scientific research develops.

Waste and hazardous materials management

Although no material environmental or social sustainability risks have been identified, and the environmental impact of Virtus activities is minimal, the management of environmental risks is a key responsibility. Virtus adopts the approach of a responsible corporate citizen with regard to the management of waste and hazardous materials:

- The disposal of healthcare waste and consumables is undertaken by qualified third party contractors to ensure compliance with territory legislation. Virtus has a Waste Management Policy and Procedure;

- The disposal of packaging, office paper, computers and obsolete IT equipment is managed to ensure compliance with territory legislation;
- Virtus continues to minimise the use of paper. Employees are encouraged to minimise the excessive use of paper and recycling activities are undertaken where possible. The Board, Committees and Senior Executives all use an electronic meeting paper system.

Energy
Management

Virtus is not a significant consumer of electricity, water or gas and accordingly, the opportunities for material reductions in power consumption are limited. Virtus maintains a small fleet of courier vehicles in Australia and all vehicles have the capability to use E10 petrol.

Modern Slavery
Act 2018

Following the introduction of the Australian Commonwealth Modern Slavery Act, Virtus lodged its first Modern Slavery Statement with the Government in March 2021 after undertaking a risk based assessment on all its suppliers. Virtus continues its compliance activities led by the Group General Manager, Legal and Risk and the Group Procurement Manager. Management also continues to identify potential areas of procurement and supplier risk.

Service quality and
patient welfare

Virtus monitors patient safety using software which records all incidents reported by patients and staff working with patients. The Board reviews a monthly report of incidents for all group operations. The incident report is also considered by the Risk Committee and bordereaux and escalation reporting is provided to the group's external insurance and risk advisers. The Board in conjunction with executive management encourages a culture of incident reporting and uses the incident reports to continuously assess patient safety issues and where appropriate, takes action to introduce operational improvements to minimise risk where reasonably possible.

Virtus fertility specialists are responsible for patient care and clinical sovereignty rests with the specialists who operate in each facility. Virtus fertility specialist representatives, normally the Medical Director of an individual state, are also required to meet with independent territory ethics committees (where applicable) to consider patient quality, safety, research projects and ethical issues. Clinical, risk and safety policies are subject to a continuous review process in each territory and such matters are managed by the territory Medical Director in conjunction with the appropriate territory Managing Director, quality compliance and risk managers and other territory senior managers. Virtus Medical Directors monitor success rates in each country or territory on a continual basis and the group monitors comparative clinic performance on an annual basis. Virtus also holds an annual International Clinical Day at which success rate performance across all Virtus clinics is considered. This process of peer group review is instrumental in Virtus implementing continual improvement and facilitates greater cooperation and collaboration across all Virtus international activities.

Disclosure of success rate data to patients is governed by specific country regulatory and legislative provisions and Virtus complies with local disclosure requirements in its marketing materials. However, it should be noted that the disclosure of average success rate information is not necessarily a meaningful representation of success rate expectation for individual patients due to a range of medical factors.

Virtus also performs continuous patient satisfaction reviews in its ARS units and also monitors patient satisfaction levels using daily surveys for day hospital patients. Virtus Board and management reviews a quarterly net promoter score for all major ARS clinic locations.

All Virtus facilities meet the appropriate standards for accreditation which vary dependent on the territory in which they operate. The main accreditations with which Virtus complies are as follows:

- Australian ARS facilities comply with the full certification requirements of Reproductive Technology Accreditation Committee (**RTAC**) and ISO9001. The facilities also comply with federal and state legislation requirements;
- Singapore ARS facilities comply with the international RTAC guidelines and the legislation requirements of Singapore Ministry of Health;
- Ireland ARS facilities comply with the full certification requirements of ISO9001, and full authorisation of IMB Tissue Establishment Inspection requirements. The facilities also comply with Ireland Health Board and European legislative requirements;
- Denmark ARS facilities comply with a range of Danish Health and European legislative requirements;
- United Kingdom ARS facilities comply with The Human Fertilisation and Embryology Authority Code of Practice which helps licensed clinics to comply with the legal

requirements set out in the Human Fertilisation and Embryology Act;

- Virtus Australian Andrology and Endocrinology laboratories comply with the National Accreditation of Testing Authorities accreditation to ISO 15189; and
- Virtus Day Hospitals in Australia comply with the requirements of National Safety and Quality Health Service Standards. The facilities also comply with state department of health day hospital licencing requirements.

Where any non-conformances have been identified by an auditing body these have been rectified in line with the auditing bodies recommendations and time lines.

Virtus has also installed technology to enhance the normal gamete and embryo witnessing processes currently followed by all Virtus clinics. This technology, which tracks and records gametes at each step of the ARS process via radio frequency identification tags provides an extra safeguard and reassurance for laboratory teams and Virtus patients. The installation of this technology is part of a continual process improvement program.

Selling practices and consent

Virtus clinics recognise that the provision of health care services to patients involves a material financial commitment which requires appropriate presentation of the nature of the services to be provided and the potential opportunity for success of those services. By their nature, ARS success rates for individual patients vary significantly and are personal to the individual or couple involved. Virtus fertility specialists endeavour to provide patients with as much information regarding their treatment and chance of success. As part of the contractual and management process, patients are required to sign a financial consent after consultation with a qualified fertility specialist that they understand the financial commitment of the services being proposed.

Patient access and affordability

Virtus recognises that the cost of treatment and certain diagnostic screening tests is material. Virtus also recognises that affordability is a potential restriction to patients accessing fertility treatment and has developed a range of fertility and clinical services which attempt, within the parameters of providing an appropriate level of patient service, to meet the financial resource capacity of patients. Virtus provides services from basic insemination treatment to full service IVF with complex genetic screening, although fertility specialists need to balance the clinical needs of a patient with their capacity to afford any particular course of treatment. The ultimate decision to proceed with any course of treatment is agreed by the fertility specialist and the patient. Virtus is the largest provider of fertility preservation services and research for cancer patients and sponsor a fertility preservation campaign with the Cancer Council to ensure young people with cancer understand what they need to do to preserve their fertility.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - Remuneration Committee

The Board acknowledges remuneration is a key driver of corporate culture and is a key focus for investors. Virtus' remuneration policy and practices are designed to attract, motivate and retain highly qualified and experienced people across diverse geographies.

The Board is responsible for Virtus' remuneration strategy and policy and has established a combined Nomination and Remuneration Committee, which operates under a formal charter. The members of the Committee are detailed in Recommendation 2.1 above.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of Directors' section of the Directors' report.

The Nomination and Remuneration Committee assists and advises the Board with discharging its responsibilities to shareholders with regard to developing and monitoring remuneration policies and practices for the Board, the CEO, the CFO, senior executives and other key management personnel whose activities, individually or collectively, affect the financial soundness of Virtus. When considered necessary, the Committee may obtain external advice from independent consultants in determining Virtus' remuneration practices including remuneration levels.

The role and responsibilities of the Nomination and Remuneration Committee are set out in the Nomination and Remuneration Committee Charter. A copy of the Nomination and Remuneration Committee Charter can be found on Virtus'

website. The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of Directors' section of the Directors' report.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive Directors and other senior executives

Non-Executive Directors are remunerated by way of cash salary and superannuation contributions. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Performance based incentives are not available to Non-Executive Directors as it could be perceived to impair their independence in decision making.

Executive Directors and other senior executives are remunerated using combinations of fixed and performance based remuneration designed to attract and retain Management and fairly reward senior executive for positive performance. Fees and salaries are set at levels reflecting market rates having regard to the individual's performance and responsibilities. Performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Share options and performance rights are aligned to longer term performance hurdles. Performance reviews are undertaken where achievement of key goals are discussed and assessed and future goals are agreed upon. The importance of a clear relationship between management performance and the assessment of remuneration is reflected in Virtus' approach to evaluating performance. The Chair facilitates the performance evaluation of the CEO with oversight by the Board.

Further details in relation to Virtus' remuneration policies and practices and full details of remuneration paid to Key Management Personnel are contained in the Remuneration Report, within the Directors' Report of our 2021 Annual Report.

Recommendation 8.3 – A listed entity which has an equity based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and***
- (b) disclose that policy or a summary of it.***

The CEO, CFO and other key management personnel have long term incentives that are equity based and linked to hurdles that are aligned to the entity's longer term performance objectives.

The participants in the long term incentive scheme are not permitted to enter into transactions (whether through the use of derivatives or otherwise) to limit the economic risk of participating in the long term incentive scheme. The use of financial products, such as derivatives, options or warrants, or other hedging arrangements for securities obtained under an equity-based remuneration scheme or otherwise prior to vesting is prohibited for Designated Persons under Virtus' Securities Trading Policy. Designated Persons include Directors, officers and other Key Management Personnel including state based and internationally based managing Directors, and any other person designated by the Company Secretary from time to time.

The Securities Trading Policy is available on Virtus' website.

This Corporate Governance Statement was approved by a resolution of the Board on 20 August 2021.