

Corporate Governance Statement

Introduction

This corporate governance statement is up to date as at 31 August 2017 and has been approved by the Board of Navitas Limited (**Navitas** or **Company**).

The Board of directors of Navitas (**Board**) is responsible for the corporate governance of Navitas and its subsidiary companies (**Navitas Group** or **Group**). The Board maintains oversight over matters relating to the strategic direction, academic quality and governance, policies, practices, management and operations of Navitas with the aim of protecting the interests of the holders of fully paid ordinary shares in the Company (**Shareholders**) and other stakeholders, including employees, students and partners, and creating value for them.

Details of Navitas' compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (3rd edition)" (**Principles and Recommendations**) for the year ended 30 June 2017 are disclosed in this corporate governance statement and in the Company's Appendix 4G. Both these documents have been lodged with the ASX and are available on the Company's website at: www.navitas.com/organisation/investors

For further information on the corporate governance policies adopted by Navitas, please refer to the Company's website: www.navitas.com/organisation/investors

Principle 1: Lay solid foundations for management and oversight

Role and responsibilities of the Board and management

The Company has established the functions reserved to the Board pursuant to the Board Charter and the Delegation of Authority Policy and associated Procedures.

Under the Board Charter, the Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without limiting this general role, the specific functions and responsibilities of the Board include:

- oversight of the Company, including its educational outcomes, control and accountability systems;
- appointing and removing the Group CEO (or equivalent), including approving remuneration of the Group CEO and the remuneration policy and succession plans for the Group CEO;
- ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent);
- approving the appointment and, where appropriate, the removal of the Secretary;
- final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Under the Delegation of Authority Policy and Procedures, authority has been reserved to the Board with respect to various matters, including:

- activities relating to strategic planning for the Navitas Group;
- activities relating to governance;
- joint venture or partnering agreements;
- Group-wide policies related to treasury, corporate governance, risk and compliance;
- purchase of businesses outside the Navitas Group;
- annual report; and
- forecasts and rolling plans for the Navitas Group.

Certain functions have been delegated to the Group CEO under the Board Charter and the Delegation of Authority Policy and Procedures. The Group CEO is responsible for the ongoing management of the

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Company in accordance with the strategy, policies and programs approved by the Board. The Group CEO's responsibilities include:

- developing with the Board, a consensus for the Company's vision and direction;
- constructing, with the Company's management team, programs to implement this vision;
- appointing the senior management team;
- providing strong leadership to, and effective management of, the Company in order to:
 - encourage co-operation and teamwork;
 - build and maintain staff morale at a high level; and
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- ensuring a safe workplace for all personnel;
- ensuring a culture of compliance generally;
- carrying out the day-to-day management of the Company;
- keeping the Board informed, at an appropriate level, of all the activities of the Company;
- ensuring that all personnel act with the highest degree of ethics and probity; and
- reporting performance and profit figures, and undertaking all other public relations activities.

The Board has also formally delegated the power to the Group CEO to authorise all expenditures as approved in the budget, subject to certain exceptions. Under the Delegation of Authority Policy and Procedures, authority has been delegated to the Group CEO with respect to various matters, including:

- activities relating to strategic planning for the individual divisions within the Group (**Divisions**);
- significant administrative changes affecting more than one entity within the Navitas Group;
- Group-wide policies related to ASX/ASIC governance;
- risk management plans across the Navitas Group;
- official Navitas publications for external use specific to the Navitas Group;
- forecasts and rolling plans for Navitas' Divisions;
- operating expenditure in relation to more than one entity within the Navitas Group;
- capital expenditure up to a maximum of \$1m or where such expenditure is in relation to more than one entity within the Navitas Group;
- media contact and media releases; and
- marketing and advertising material at the Navitas Group level.

The Board Charter, the Delegation of Authority Policy and Delegation of Authority Procedures are all publicly available on the Company's website: www.navitas.com/organisation/investors

Appropriate Checks and Written Agreements

Before a person is appointed as a director of Navitas (**Director**) or as an NLT member, the following is required (as applicable):

- appropriate checks are to be completed before appointing a person, or putting them forward as a candidate for election, as a Director;
- all material information in Navitas' possession relevant to a decision on whether or not to elect or re-elect a Director is to be provided to Shareholders; and
- all Directors and NLT members are to enter into written agreements with Navitas setting out the terms of their appointment.

Further details are contained in the Charter of the People and Remuneration Committee on the Company's website: www.navitas.com/organisation/investors

Company Secretary

All Directors have access to the Company Secretary who is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity

Navitas has a Diversity Policy and has set measurable objectives for achieving gender diversity.

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The People and Remuneration Committee (see “Principle 2” below) is accountable to the Board for ensuring the Diversity Policy is implemented in respect of the Board and the process for identifying and selecting new Directors. The Managing Director is accountable to the Board for ensuring the Diversity Policy is implemented throughout the Navitas' workforce. Senior executives and all personnel involved in recruitment are expected to ensure this Policy is implemented and integrated into all of Navitas' activities.

Navitas recognises that a talented and diverse workforce is a key competitive advantage and Navitas' success is a reflection of the quality and skills of its people. Navitas is committed to promoting a workplace that recognises and embraces the skills, characteristics and experiences that people bring to the Group. Accordingly, Navitas has adopted a diversity strategy document for the purposes of implementing initiatives to achieve greater diversity.

The diversity strategy document outlines measurable objectives to achieve gender diversity. During the year, Navitas reviewed and monitored the Group's performance against the Diversity Policy and reviewed the Charter of the People and Remuneration Committee to ensure it reflects Navitas' obligations in relation to gender diversity.

The diversity strategy outlines measurable objectives to achieve gender diversity in the Group:

Target	FY17 Performance
Non-Executive Director ratio of 50% male and 50% female	Male 57%, female 43%
At least 50% of the next senior executive* appointments desirably should be female with appropriate skills and attributes	Male 68%, female 32%
At least 50% of all employees should be female with appropriate skills and attributes (given our targets were exceeded, we proposed a new benchmark).	Male 37%, female 63%

*Senior executives for the purposes of the above table are defined as members of the Navitas Leadership Team, the Senior Management Team, the Executive General Management (EGM) and the senior direct reports to the EGM of the operating Divisions, in total, approximately 160 employees.

As at 31 August 2017, the proportion of men and women employed by the Navitas Group in Australia is set out in the table below:

Position	Men	Women
Non-Executive Directors	4 (57%)	3 (43%)
Senior Managers	91 (61%)	59 (39%)
Full time Permanent Employees	545 (41%)	773 (59%)
Full time Contract Employees	57 (38%)	94 (62%)
Part time Permanent Employees	177 (26%)	515 (74%)
Part time Contract Employees	44 (49%)	46 (51%)

The Diversity Policy is publicly available on the Company's website: www.navitas.com/organisation/investors

Performance Evaluation

The performance of the Board and its individual Directors is reviewed regularly.

As disclosed in last year's corporate governance statement, Navitas has been undertaking a Board and succession review with the assistance of an external adviser. This review continued into the financial year ending 30 June 2017.

The process for evaluating the performance of the People and Remuneration Committee and the Audit and Risk Committee involved an internal review by the relevant committee of its performance against

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its objectives and responsibilities as set out in the relevant committee charter. The People and Remuneration Committee conducted an internal review evaluating its performance against its objectives and responsibilities as set out in the Charter of the People and Remuneration Committee. Following that review, the People and Remuneration Committee is of the view that its composition, operations and discharge of its responsibilities are consistent with Principles 2 and 8.

The Audit and Risk Committee conducted an internal review evaluating its performance against its objectives and responsibilities as set out in the Charter of the Audit and Risk Committee. Following that review, the Audit and Risk Committee is of the view that its composition, operations and discharge of its responsibilities are consistent with Principles 4 and 7.

The performance of key executives is reviewed internally on an annual basis pursuant to a Navitas-wide performance planning and review process. Key performance indicators are agreed on an individual basis for such executives and performance against these indicators is then reviewed by the Group CEO. The performance review also takes into account the extent to which the executive's behaviour is aligned with Navitas' values. The outcome of the review then provides the basis for a professional development plan for the key executive.

As noted above, performance evaluations for individual Directors and key executives were conducted during the reporting period in accordance with the above processes.

Principle 2: Structure the Board to add value

The relevant skills, experience and expertise held by each Director in office at the date of this statement are included in the Directors' Report on pages 36 to 38. A copy of the Directors' Report (which forms part of the Company's financial report for the year ended 30 June 2017) can be found at: www.navitas.com/organisation/investors

Board skills matrix

To assist in identifying areas of focus and maintaining an appropriate mix of skills, experience, knowledge and diversity in its membership, the People and Remuneration Committee uses a Board skills matrix which is reviewed by the People and Remuneration Committee on a regular basis. It is an important, but not the only, criteria used for Director appointments.

Each Director brings a range of personal and professional skills, experience and expertise to the Board. The Board seeks to achieve a diverse and appropriate mix of skills, competencies and experience including understanding the Company's business, organisational structure and the education sector, as well as operational and financial matters.

The Board has identified the following focus areas as strategic priorities for the Company to drive Shareholder value:

1. Building strategic partnerships with universities around the world to support their internationalisation and broader transformation agenda;
2. Delivering students high quality, employment outcome focussed education in key segments with high employment prospects; and
3. Accelerating innovation in education by leveraging the Company's global footprint in university, industry and government partnerships.

The Board has achieved a composition which has regard to the strategic areas of focus and priorities of the Company, including the following skills and experience which are well represented on the Board.

Skills and Experience	Percentage
<u>Executive Leadership</u> Significant leadership experience at a senior executive level	100%
<u>Financial Analysis and Reporting</u> Senior executive or equivalent experience in financial accounting and reporting, and corporate finance	100%
<u>Risk Management and Reporting</u> Senior executive or equivalent experience in risk management and reporting	100%

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Skills and Experience	Percentage
<u>Education Sector</u> Senior executive or Board level experience in the education sector including deep relationships and standing with university, government and industry players	63%
<u>Strategy</u> Senior executive or equivalent experience in identifying, developing and implementing a successful strategy	100%
<u>Corporate Governance and Regulatory</u> Commitment to the highest standards of corporate governance, including experience with an organisation that is subject to rigorous governance and regulatory standards	100%
<u>Digital and Technology</u> Senior executive or equivalent experience in incorporating digital or other innovative technologies into business models	50%
<u>People and Remuneration</u> Board committee membership or senior executive experience in managing people, developing incentive arrangements and leading change	100%

The percentages of Directors assessed to possess the skills and experience in each category is current as at the date this Corporate Governance Statement was approved.

For the skills listed above that are common to most boards - such as Executive Leadership, Financial Analysis and Reporting, Risk Management and Reporting, Strategy, Corporate Governance and Regulatory and People and Remuneration - all Navitas directors have significant experience through their prior executive experience and their time on other boards.

In the areas of Financial Analysis and Reporting and Risk Management and Reporting, two directors have specialised experience - Tony Cipa from his tenure as CFO and Executive Finance Director of CSL and Harvey Collins from his time as CFO of Challenge Bank. Tracey Horton and James King have both chaired Audit and Risk Committees on various boards.

In the area of Strategy, Tracey Horton has specialised experience as a strategy consultant for Bain & Company and Tony Cipa had responsibility for strategy in the Finance Director portfolio at CSL. Diana Eilert, Lisa Paul and David Robb have all led major human capability transformation programs in other organisations gaining deep experience in the people and remuneration area. Diana Eilert and Tracey Horton have both chaired People and Remuneration Committees on various boards.

With regard to experience in the education sector, the Managing Director, Rod Jones has significant education experience prior to Navitas and through his leadership of Navitas. Non-executive directors with specialised experience in the sector include Lisa Paul as Secretary of the Australian Government Department of Education and Training and Tracey Horton who served as Dean of the Business School at The University of Western Australia. In addition, Harvey Collins and James King have accrued significant education experience through their time on the Navitas board.

Diana Eilert has specialised experience in the digital and technology area through her roles as Head of Strategy and Corporate Development for News Ltd, as Group Executive People, Technology, Marketing and Joint Ventures for Suncorp, as a director of realestate.com and various digital start-ups. Other Directors with digital and technology experience at a senior executive level include Tracey Horton, Rod Jones and Lisa Paul.

Independence of Directors

A Director is considered to be independent where he or she is a non-executive Director, is not a member of management and is free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. The existence of the following relationships may affect independent status, if the Director:

- is a substantial Shareholder of Navitas or an officer of, or otherwise associated with a substantial Shareholder of Navitas (as defined in section 9 of the Corporations Act);
- is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company, or any of its child entities;

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- is, or has been within the last three years, in a material business relationship (e.g., as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- has a material contractual relationship with the Company or its child entities other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board Charter requires that at least one half of the Directors of Navitas will be non-executive (preferably independent) Directors and that the Chair will be an independent, non-executive Director.

In the context of Director independence, "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount, being the monetary value of the transaction or item in question. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the eight Directors in office and considers that seven of the Directors are independent as follows:

Name	Position
Tracey Horton	Independent Non-Executive Chairman
Tony Cipa	Independent Non-Executive Director
Harvey Collins	Independent Non-Executive Director
Diana Eilert	Independent Non-Executive Director
Lisa Paul	Independent Non-Executive Director
James King	Independent Non-Executive Director
David Robb	Independent Non-Executive Director

The Board will assess the independence of new Directors upon appointment, and the independence of other Directors, as appropriate. It is noted that Harvey Russell Collins and James Stephen King have served as non-executive directors for 12 years. However, upon assessment of their independence for the year ended 30 June 2017, the Board still considers them to be independent directors because they both continue to provide unbiased and challenging (where appropriate) but respectful views and judgement to matters considered by the Board and its committees. Accordingly, as at 31 August 2017, the majority of Board is independent. To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at Navitas' expense. However, prior approval from the Chair is required, which may not be unreasonably withheld.

The Board has established an Audit and Risk Committee and a People and Remuneration Committee to assist it in discharging its functions. Further details of these committees are provided below.

People and Remuneration Committee (PRC)

Role of the People and Remuneration Committee

The Board has established a People and Remuneration Committee that operates under a charter approved by the Board. The purpose of the People and Remuneration Committee is to review and approve the strategies and practices for people management within Navitas. Specifically, to provide advice, recommendations and assistance to the Board with respect to people and remuneration matters.

The People and Remuneration Committee is responsible for:

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- identifying nominees for directorships and the Group CEO;
- the composition of the Board;
- ensuring that effective induction and education procedures exist for new Board appointees and key executives;
- ensuring that appropriate procedures exist to assess and review the performance of the Chair, directors and senior management;
- approving and monitoring succession planning policies for the Group CEO and executive team;
- approving remuneration policies and reviewing and making recommendations to the Board on remuneration arrangements for the Group CEO and executive team;
- reviewing and recommending to the Board on required remuneration disclosures; and
- reviewing the effectiveness of workplace diversity and equal opportunity policies and programs.

The People and Remuneration Committee comprised the following members:

Name

Diana Eilert (Chairman)*
Tracey Horton ^
James King ~
Lisa Paul #

* Appointed to the PRC on 12 September 2014 and as Chairman of the PRC on 16 November 2016

^ Appointed to the PRC on 14 December 2012

~ Appointed to the PRC on 12 September 2014

Appointed to the PRC on 1 July 2016

For details of Directors' attendance at meetings of the People and Remuneration Committee, please refer to page 53 of the Directors' Report.

The Charter of the People and Remuneration Committee is publicly available on the Company's website: www.navitas.com/organisation/investors

Selection and Appointment of New Directors

A description of the procedure for the selection and appointment of new Directors and of the Board's policy for the nomination and appointment of Directors is set out below.

The People and Remuneration Committee reviews:

- the composition of the Board taking into account the number of appointed Directors;
- the performance of the Board and individual Directors of the Company;
- the business and strategic objectives and needs of the Company;
- the skills, experience, knowledge and diversity required on the Board and the extent to which each competency is represented, maintained and developed by the Board;
- the opportunities to appoint non-executive Directors and obtain the services of particular persons with desirable skills, experience and knowledge at the time of their availability;
- the need to cater for the replacement or scheduled retirement of Directors ahead of each annual general meeting; and
- succession planning for the Board,

to enable it to determine whether it is necessary to recruit any additional Directors to the Board or desirable to reduce the number of existing Directors. The Committee reports to the Board setting out the results of these reviews.

If the People and Remuneration Committee determines that it is necessary to recruit an additional Director to the Board, or the Board so determines, the Committee:

- will determine the particular skills, experience, expertise and personal qualities required to best complement the Board's effectiveness;
- will determine the most appropriate formal and transparent procedure to identify candidates with the skills and experience required by the Board; and
- may engage the services of an independent consultant to perform an advisory role in relation to its review considerations and the required Director competencies.

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The Committee seeks to achieve a balance between long serving Directors with an extensive understanding of Navitas' businesses and corporate history, and new Directors who bring fresh perspectives to the role. The Board values diversity, including gender and differences in background and life experience, education, communication styles, and problem-solving skills.

The relevant Board policy, entitled "Procedures governing the Selection and Appointment of Directors" is publicly available on the Company's website: www.navitas.com/organisation/investors

Retirement and Re-election of Directors

The term in office held by each Director in office at the date of this statement is as follows:

Name	Term in office
Harvey Collins	12 years
Tony Cipa	3 years
Diana Eilert	3 years
Rod Jones	13 years [^]
Tracey Horton	5 years
James King	12 years
Lisa Paul	1 year
David Robb*	Less than 1 year

* Appointed on 9 May 2017

[^] Under rule 3.6(d) of the Constitution, the Managing Director is not subject to retirement by rotation

Rule 3.3 of the Constitution provides that the Board may appoint a person to be a Director at any time except during a general meeting. Any Director so appointed automatically retires at the next annual general meeting and is eligible for election by that general meeting.

Rule 3.6(a) of the Constitution provides that a Director must retire from office at the third annual general meeting after the Director was elected or last re-elected. Rule 3.6(b) of the Constitution provides that a Director may elect to retire and seek re-election at an annual general meeting before the time required by rule 3.6(a) provided at least 35 business days before the annual general meeting, the Director has given the Board notice of their intention to do so. Rule 3.6(c) of the Constitution requires that an election of Directors must be held at each annual general meeting. If no election of Directors is scheduled to occur at an annual general meeting under rule 3.3 or rule 3.6(a) or (b), then one Director must retire from office at the annual general meeting. The Managing Director is not subject to these requirements. The resolution for re-election of a Director is included in the Company's notice of annual general meeting and voted upon by Shareholders at that meeting.

Principle 3: Act ethically and responsibly

Codes of Conduct

Navitas has established codes of conduct as to the:

- practices necessary to maintain confidence in the Company's integrity;
- practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

These codes of conduct, entitled "Code of Conduct for Directors and Key Officers" and "Code of Conduct - The Company's Obligations to Stakeholders" are publicly available on the Company's website: www.navitas.com/organisation/investors

Securities Trading Policies

The Company has established policies concerning trading in its securities by Directors, senior executives and employees.

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These policies, entitled "Directors and Senior Executives Dealing In Securities Policy" and "Employees Dealing In Securities Policy" are publicly available on the Company's website: www.navitas.com/organisation/investors

A summary of the Company's policy on prohibiting transactions in associated products which limit risk of participating in unvested entitlement under any equity based remuneration schemes is set out in these securities trading policies.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Committee

Role of the Audit and Risk Committee

The Board has established an Audit and Risk Committee that operates under a charter approved by the Board. The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- monitoring and reviewing the:
 - integrity of the financial statements;
 - effectiveness of internal financial controls;
 - independence, objectivity and competency of internal and external auditors;
 - policies on risk oversight and management;
 - execution of the treasury and insurance functions; and
- making recommendations to the Board in relation to the appointment of external auditors and approving their remuneration and terms of engagement.

The Audit and Risk Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Audit and Risk Committee and the internal audit function.

The Audit and Risk Committee comprised the following members:

Name

Tony Cipa (Chairman)*

Harvey Collins

James King

* Appointed as the Chairman of the Audit and Risk Committee on 29 July 2014

Tony Cipa, BBus, Grad Dip Accounting, has extensive international business and finance experience including his former roles as CFO and Executive Finance Director for CSL, the ASX listed international biopharmaceutical company and as the Chairman of the Audit and Risk Committee and a Non-Executive Director of ASX listed Skilled Group. He is currently the Chairman of the Audit and Risk Committee and a Non-Executive Director of Healthscope Limited. He is the Chairman of the Audit and Risk Committee.

Harvey Collins BBus, FCPA, SFFin, FAICD, has extensive executive and board experience in a range of industries including financial services, health insurance, telecommunications, equipment hire, electricity and the not-for-profit sector. He is a member of the Audit and Risk Committee.

James King BComm, FAICD, has over 30 years of board and management experience with major multi-national companies in Australia and internationally. He is currently chair of the Audit & Risk Committee of Lovisa Holdings Limited and a past Chairman of the Audit and Risk Committee of JB Hi-Fi Limited. He is a member of the Audit and Risk Committee.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, please refer to page 53 of the Directors' Report.

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The Charter of the Audit and Risk Committee is publicly available on the Company's website: www.navitas.com/organisation/investors

Please refer to "Principle 7" below for details in relation to the Group CEO and CFO declarations.

Selection, Appointment and Rotation of External Auditor

The procedures for the selection, appointment and rotation of external audit engagement partners are as follows.

The Audit and Risk Committee re-evaluates the appointment of its external auditors on a regular basis, and considers whether it is appropriate to tender the audit as it deems necessary. Such re-evaluations are performed no less than once every five years, and may be considered annually post the completion of the audit process (as part of the audit debrief process). As a minimum, the re-evaluations and decisions to put the audit to tender (if any) will take into account such factors as:

- service delivery;
- quality of service;
- independence of the external auditor and whether the independence of the audit function has been maintained having regard to the provision of non-audit services;
- effectiveness of the audit/client relationship; and
- fees/value.

In tender situations the Audit and Risk Committee will nominate an Audit Tender Evaluation Committee to undertake the task of selecting a new auditor. The Audit Tender Evaluation Committee will be comprised of the Chairman of the Audit and Risk Committee, the Group CEO, the CFO and other representatives of the Audit and Risk Committee and management as deemed appropriate. Auditor selection will be based on the satisfactory demonstration of the factors listed above. Removal of the auditor may result if the auditor fails to demonstrate satisfactory outcomes in relation to the above factors.

Auditor appointment will be made by the Board at the Audit and Risk Committee's recommendation after the successful completion of the selection process, and in conjunction with statutory guidelines.

In respect of the rotation of external audit engagement partners, it is the Company's policy that a partner should not serve the Company in the position of audit client service partner for more than five successive years. A partner should not be re-assigned to the Company in the role of audit partner for at least two years after reaching the maximum period of continuous service. Further, a partner should not be re-assigned to the Company in the role of audit client service partner if this would equate to the partner serving in this role for more than five out of seven successive years. As part of the audit plan presented to the Audit and Risk Committee, the audit partner considers the need for rotation in accordance with these policies.

The external auditor is required to attend the Company's annual general meeting to answer questions from Shareholders relevant to the audit.

The relevant policies, entitled "Selection and Appointment of External Auditor Policy" and "Rotation of External Audit Engagement Partners" are available on the Company's website: www.navitas.com/organisation/investors

Principle 5: Make timely and balanced disclosure

Navitas has established written continuous disclosure policies designed to ensure:

- compliance with ASX Listing Rule disclosure; and
- accountability at a senior executive level for that compliance.

The relevant policy, entitled "Corporate Governance Policy - Continuous Disclosure" is publicly available on the Company's website: www.navitas.com/organisation/investors

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Principle 6: Respect the rights of security holders

Information about the Company and its governance is available on the Navitas website: www.navitas.com

The Company has designed a Shareholders communications policy:

- for promoting effective communication with Shareholders; and
- encouraging Shareholder participation at AGMs.

The Company has a platform by which senior managers who are authorised to speak to analysts (the Group CEO, the CFO and in some circumstances the Head of Investor Relations) are able to record details of the meeting including time and place, attendees and file notes of what was discussed.

The policy, entitled "Shareholders Communications Strategy", is publicly available on the Company's website: www.navitas.com/organisation/investors

Principle 7: Recognise and manage risk

Please refer to "Principle 4" above for details in relation to the Audit and Risk Committee.

Risk Management

Navitas recognises the importance of risk management and has a formal risk management framework, including policies for the oversight and management of material business risks.

The Board is ultimately responsible for risk management in Navitas and must satisfy itself that significant risks faced by the Navitas Group are being managed appropriately and that the system of risk management within the Navitas Group is robust enough to respond to changes in Navitas' business environment.

The Audit and Risk Committee has the following responsibilities in regard to risk management:

- assessing the internal process for determining and managing key risk areas;
- confirming management's risk appetite and tolerance;
- ensuring that the Navitas Group has an effective risk management system and that macro risks to the Navitas Group are reported at least twice a year to the Board;
- evaluating the process Navitas has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk;
- assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk; and
- ensuring the continuous development of risk management in the Navitas Group and for supervising the implementation of risk management in compliance with the risk management policy and guidelines.

The Board has required management to design and implement a risk management and internal control system to manage Navitas' material business risks, and to report to it on whether those risks are being managed effectively.

In summary, the Navitas risk management and internal control system comprises:

- a Group Risk Management Policy Statement and methodology based on the International Standard for Risk Management ISO 31000. This policy has been placed on the Navitas website and is therefore accessible by all Navitas staff. The policy outlines Navitas' approach to managing risk including a description of responsibilities;
- an Audit and Risk Committee endorsed risk management methodology which includes an integrated risk management, control self-assessment and internal audit process managed by Group Internal Audit and Risk Management;
- a Group-wide risk register of all key material inherent risks, an assessment of control effectiveness, comparison of residual risks to target risks and a data base of actions to reduce any residual risks to the desired level;

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- use of the above information to underpin senior management's control self-assessment certificates, which are used to provide assurance to the Board that they are managing risks appropriately, and enables Group Internal Audit to concentrate its activities on material risks and adapt its approach accordingly. The Audit and Risk Committee approves the annual audit plan, as amended from time to time to reflect the dynamic nature of the business, and receives all audit reports;
- senior management and the Audit and Risk Committee regularly reviewing the risk register to ensure that material risks are correctly identified, that the target risks are acceptable and any remedial action is in progress. The Audit and Risk Committee reports every six months to the Board on the management of the risks contained in the risk register;
- management understanding and acceptance of its responsibility to implement appropriate systems of internal control to effectively manage potential risks;
- ongoing management oversight of strategic matters by management and of operational matters by business unit management;
- various policies and procedures covering areas such as Share Dealing, Human Resources, Information Technology, Critical Incidents and Delegations of Authority, such policies are centrally located via an intranet;
- monthly reporting and review of financial and budgetary information;
- external auditors independently evaluating Navitas' compliance with the International Financial Reporting Standards on an annual basis;
- an internal audit function, which is designed to provide assurance to the Audit and Risk Committee on the effectiveness of the risk management and internal control procedures and mechanisms in place to mitigate risks across the Navitas Group, that risks are being adequately and appropriately identified and that the principles and requirements of managing risk are consistently adopted throughout the Navitas Group. Internal audit also recommends improvements to the system of risk management; and
- testing of the effectiveness of the risk management and internal control procedures and mechanisms by the execution of control based audits, review by Group Internal Audit and Risk Management of the control self-assessments carried out by the business on a bi-annual basis and external benchmarking of the risk framework.

Each business unit is responsible for the identification, assessment, control, reporting and on-going monitoring of risks within its own responsibility. Business units are responsible for implanting the requirements of this policy and for providing assurance to the Board of Directors that it has done so. The business unit, where deemed appropriate, may enhance its own organisational structure provided that such enhancements further assist the achievement of the objectives of this policy.

Management is responsible for identifying and evaluating risks within their area of responsibility, implementing agreed actions to manage risk and for reporting as well as monitoring any activity or circumstance that may give rise to new or changed risks. At a minimum, Divisional and business unit risks are moderated by the NLT before presentation to the Board.

Internal Audit

Internal audit is responsible for managing the risk management system and collating the business units' risk assessments and tolerance for periodic reports to the Audit and Risk Committee. Internal audit also facilitates twice-yearly assessments by senior management of strategic risks. Internal audit is structured within Group Legal and Risk and is headed by the Group Internal Audit and Risk Manager who reports to the Company Secretary and the ARC.

Material Exposure to Economic and Social Sustainability Risks

Navitas deals with a variety of business risks, which it actively assesses and manages as part of its risk management framework. These disclosures relate to economic and social sustainability risks (as defined by the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council). The Company does not consider it has any material environmental risks.

Navitas' material business risks and the way they are managed are described below. This is not a comprehensive list of the risks involved or the mitigating actions that have been adopted by the Company.

Government Policy and Regulation

Navitas operates in the higher education sector which is subject to extensive laws and regulations relating to, among other things: the accreditation of courses and colleges; minimum standards for the

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quality of teaching and student outcomes; the mobility, migration and immigration of international students; and the management and appropriation of government funding for education purposes. There are a number of government policies and regulations that, if changed, may have a material adverse impact on the financial and operational performance of Navitas. This past year has seen several government and policy changes in the countries in which Navitas operates in. Navitas anticipates more change in the year ahead as these governments increase their focus on improving the economic impact of education and skills. The trend towards stronger border security will also be a factor.

Navitas' presence in North America, Europe and Australasia creates an opportunity to respond to less welcoming visa environments in some jurisdictions and channel students into colleges and courses in countries with more certain or favourable government immigration settings.

Navitas monitors legislative and regulatory developments and engages appropriately with legislative and regulatory bodies to manage this risk. In FY17 Navitas provided submissions to relevant government agencies and regulatory bodies on: higher education policy reforms and regulation; vocational education and training policy reforms and data collection; international education, specifically relating to the National Code of Practice for Providers of Education and Training to Overseas Students; and the inquiry into innovation and creativity in the workforce for the new economy.

Navitas also engages with industry bodies and non-governmental organisations such as the Alliance for International Education, NAFSA: Association of International Educators, the American Council on Education, GuildHE, Independent Higher Education and the G5 Group of English Language Educators (UK) to promote the advancement of international education.

Licences and Accreditation

If Navitas is unable to secure or retain licences or accreditations for the operation of its courses, colleges or campuses (where required) in the future, or any of its existing licences or accreditations are adversely amended or revoked, this may adversely impact Navitas' ability to operate its businesses. This risk is mitigated by Navitas' comprehensive quality and compliance framework which seeks to ensure that operations are conducted to the standards required to retain licences and accreditation.

Impact of Competition and Innovation

Navitas' core business of running pathway programs is underpinned by a nurturing face-to-face learning environment for international students which provides a range of benefits to integrate students into a foreign country and a University education. This method of learning remains popular and continues to grow with the middle-income demographic growth in emerging markets of China, the India sub-continent and South-East Asian countries – all of which are traditional recruitment strongholds for Navitas.

However, like many sectors, the higher education sector is subject to increased competition and a high degree of disruption, requiring a need to innovate to remain a market leader. Disruption and competition in the sector is most noticeable from the emergence of mass open online courses (MOOCs), which allows for unlimited participation and open access via internet-based forums. Navitas must always innovate to stay relevant to prospective and current students and its University and business partners.

Navitas conducts internal reviews of existing service offerings and potential growth markets to maintain competitive advantage and has a dedicated business intelligence function which provides:

- global insights into higher education trends;
- monitoring service of mergers and acquisition activity in the higher education space;
- competitor analysis across Divisions; and
- use of data analytics to enhance service offerings.

Navitas Ventures provides a means for Navitas to invest in new income streams, including innovative EduTech. Navitas Ventures investments are tightly controlled and subject to comprehensive due diligence procedures including senior executive and Board approval.

Protection of Information

Navitas collects, stores and processes student and business partners' information. Navitas then has the ability to access and transmit that information to and from its students and business partners.

In response to the evolving cyber threats which all organisations face nowadays, Navitas has an ongoing, global program of works which is designed to reduce the information risks to our business, our students and our business partners. We continually prioritise this work, but in general, we implement security controls across our people, our processes and our technologies based on highest potential impact.

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Navitas looks to maintain the highest standards of integrity and security across our information, employing best practise methodologies wherever possible. These include fully redundant data centres; external testing of security infrastructure; encrypted data; and increasing staff awareness around the prevention and detection of data security breaches. Moreover, initiatives are underway to ensure Navitas is fully compliant with the impending GDPR (General Data Protection Regulation) legislation being introduced in the EU; as well as the Mandatory Data Breach Notification laws being introduced in Australia.

Market Dependency

There are varying degrees of political, judicial and environmental stability in source countries where our prospective students originate and also the destination countries in which Navitas operates from.

If a major political or natural event occurred, it may limit or restrict for a short to medium period the freedom of movement for students from source countries or into destination countries. One or more of these events could have a negative effect on our ability to source students into our educational programs, as well as the Company's overall student enrolments and financial results.

Navitas utilises a broad network of source country offices and agents, aligned to a global marketing and recruitment program to ensure a reliable flow of students across a wide geography is maintained.

Partner Relationships

Navitas' works with a variety of partners including industry bodies, regulators, service providers, governments and partner universities for core business operations. All parties maximise the benefits when there is a strong relationship.

There are a number of events which could affect the relationship, including: strategic misalignment; student, business and compliance performance; and commercial differences.

Key executives of the Navitas Group and business managers are accountable for the health and management of relationships within their portfolios. Navitas has maintained a consistent management team across its University Partnerships Division and pathway colleges, with many College Director/Principals serving long tenures in the role. The Careers and Industry Division aligns its operations with industry bodies, regulators and governments. Globally, operations are supported by a centralised Corporate Affairs team.

Navitas uses a range of formal and informal processes, both internal and external, to monitor, assess, improve and add value to partnerships and relationships. Metrics to measure relationships with key stakeholders and student outcomes are gathered at regular intervals.

Contract Renewal

The core of Navitas operations is based on contractual relationships with University Partners, Commonwealth and State Governments and Industry Partners. Most contracts have a fixed term requiring renewal or extension of terms, conditions, the scope and tenure period.

Navitas has a good track record for renewing and extending contracts with its partners. In FY17 Navitas renewed or extended contracts with:

- Deakin University for pathway programs at Deakin College, until 31 December 2027;
- the University of Manitoba (Canada), for its pathway program, the International College of Manitoba (ICM) to 2028;
- the University of South Australia for Eynesbury College and the Eynesbury Institute of Business and Technology (EIBT) to 2025;
- the University of Hertfordshire (England), for its pathway program, the Hertfordshire International College, to 2023;
- Curtin University for Curtin College and Curtin Singapore for one year each to allow Navitas and Curtin University sufficient time to discuss the longer term objectives of both colleges and to draft a long term renewal agreement;
- Australian Commonwealth Government for the Skills for Education and Employment (SEE) programs; and
- Australian Commonwealth Government for the Adult Migrant English Program (AMEP).

From time to time some contracts are not retained, either in full or to the extent they were previously. This was the case with the AMEP and SEE contracts where the new contract allocated fewer hours for content delivery and awarded Navitas fewer contract regions. This resulted in a reduction in Navitas revenue generated from this contract.

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Navitas takes a disciplined approach to contract renewal led by the Chief Commercial Officer with support from relevant functional disciplines. Accountability for ongoing partner relationships is assigned to Company executives and regular updates are provided to the Navitas Board.

The Board has received a formal report from management under Recommendations 7.2 and 7.4 as to the effectiveness of Navitas' management of its material business risks with respect to the reporting period. Upon due consideration of Navitas' risk management and internal control system, management formally reported that, with respect to the financial year ended 30 June 2017, Navitas is, in its assessment, effectively managing its material business risks through its risk management and internal control system.

Group CEO and CFO Declarations

The Board has received declarations from the Group CEO and the CFO that, to the best of their knowledge and belief, the opinion provided by them in accordance with section 295A of the Corporations Act and Recommendation 4.2 (as applicable) has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board understands that these opinions regarding the risk management and internal control systems provide a reasonable level of assurance only and do not imply a guarantee against adverse events, or losses, or more volatile outcomes arising in the future and that the design and operation of the internal control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems. Internal audit activity has also assisted with this assessment.

The Group Risk Management Policy is publicly available on the Company's website: www.navitas.com/organisation/investors

Principle 8: Remunerate fairly and responsibly

Please refer to "Principle 2" above for details in relation to the People and Remuneration Committee.

It is Navitas' objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions.

For a full discussion of Navitas' remuneration philosophy and framework and the remuneration received by Directors and the NLT members in the current period please refer to the remuneration report, which is contained at pages 40 to 54 of the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors. There are also no equity-based remuneration schemes for Directors, senior executives or other employees.

Summary

In summary, Navitas concludes that has complied with all of the applicable Principles and Recommendations other than as set out in this statement.