CORPORATE GOVERNANCE STATEMENT
Reporting period: Financial year ended 30 June 2018

The Invion Group comprises Invion Limited - an Australian company listed on the Australian Securities Exchange (ASX : IVX) - and Invion, Inc.

As at the date of this Corporate Governance Statement, the Board of Invion consists of four directors, being one independent non-executive director: Dr James Campbell; one non-independent non-executive director, Mr Thian Chew (Chairman); and two executive directors: Dr Greg Collier (MD & CEO) and Dr Mitchell Glass (Executive Vice President of R&D and CMO).

The Board uses the guidance provided by the ASX Corporate Governance Council as a focus for the development and continuous improvement of the Group's governance framework, policies and practices.

The Appendix 4G accompanying this Corporate Governance Statement details Invion's adherence to the ASX Corporate Governance Principles and Recommendations (3rd Edition), covering the reporting period of the financial year ended 30 June 2018.

Principle 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Invion has established and disclosed the respective roles and responsibilities of the Board and management and how their performance is monitored and evaluated.

1.1 Board roles and responsibilities

The Board's broad functions are to approve the strategic direction of Invion, guide and monitor the management of Invion in achieving its strategic plans, and oversee good governance practice. The Board monitors operational and financial performance and approves Invion's budgets and business plans. The Board is also responsible for overseeing Invion's compliance, financial reporting and risk management framework.

The Board has a charter which clearly sets out its roles and responsibilities and describes those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board has delegated the implementation of strategy and policy initiatives, including day-to-day management of the Company's affairs, to the Managing Director & CEO, who is supported in this function by Invion's management team. A detailed authorisations policy sets out the decision-making powers which may be exercised at various levels of management.

In addition, the Board has delegated specific authority to two Board committees – an audit and risk management committee, and a nomination and remuneration committee – both of which assist the Board in discharging its responsibilities. A description of each committee, its responsibilities and membership is detailed in the Board's Corporate Governance Charter.

1.2 Providing information on prospective directors to shareholders

Before a person is appointed as a director, or put forward to shareholders as a candidate for election as a director, Invion undertakes appropriate checks in respect of that person, which include checks as to the person's character, experience and education. Invion provides its shareholders with all material information (that is in Invion's possession) relevant to a decision on whether or not to elect or re-elect a director (including any material adverse information revealed by the above or any other checks).

1.3 Written agreements with directors and senior management

Invion has entered into written agreements with each director and senior manager setting out the terms of their appointment, including respective roles and responsibilities. The agreements with directors include the requirement to disclose interests and any matters which may affect the director's independence. Agreements also specify the requirement to comply with key corporate policies, including the code of conduct, continuous disclosure and securities trading policies.

1.4 Company Secretary is responsible to the Board

The company secretary is responsible for advising the Board and its committees on governance matters, and for ensuring that Board and committee procedures are complied with. The company secretary is accountable directly to the Board, through the chair, on all matters to do with governance and the proper functioning of the Board. All directors have access to the company secretary for advice and services. The Board approves the appointment and removal of the company secretary.

1.5 Diversity

The Board of Invion recognises that diversity is an important factor in improving and sustaining a workforce that is capable of achieving the strategic and business goals of the Group. The Board also recognises the challenges of achieving prescribed levels of diversity in a Group with a relatively small workforce.

The Board is committed to identifying and attracting employees and management with relevant experience, and its overriding principle is to treat people equally and with respect. The Group is committed to employee advancement based on skills and experience regardless of gender, race, ethnicity, religion, orientation or disability. The Board considers the diversity achieved to date to be a favourable endorsement of the Group's policies.

Invion has a diversity policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity. In the period under review, the ratio of males to females in senior management (3 people) was 75% : 25%. The Board continues to target that female representation in senior management and non-executive director appointments to exceed 25% within two years.

Diversity will continue to be encouraged by a commitment by the Board and senior managers to model the code of conduct in all aspects of the business, by ensuring managers tasked with recruiting or advancement understand the rule and spirit of the code of conduct and diversity policy, through training and development, and through the continued flexible approach to work conditions.

1.6 Evaluation of the performance of the Board

The Board of Invion seeks to promote transparency and accountability. Evaluation of performance is a key element of these targets. The Board follows an informal ongoing process of self assessment, considering both its collective performance and that of individual directors. The Board will seek feedback from management on performance issues as appropriate. The chair's performance will be considered by the other directors. A director whose performance is unsatisfactory may be asked to retire. Given the size and nature of operations, the Board has not yet undertaken an external assessment of its policies, procedures and effectiveness. In the period under review, the Board was satisfied that its performance was effective and efficient.

1.7 Evaluation of the performance of senior managers

Invion has a performance and development review process in place for all management and staff. As part of this process, the potential future development of a senior manager is discussed, along with any training required to enhance the prospects of both the development objectives being achieved and overall performance and progression within the Group. Unlike prior years, and as a reflection of the reduced and focussed nature of employees and activities, formal annual performance reviews were not undertaken during the period.

Invion aims to reward management with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to align the interest of management with those of shareholders, and ensure that total remuneration is competitive by market standards. Invion's remuneration report, which details the Group's policy on the remuneration of key management personnel, is set out on pages 13-15 of the Financial Report for the year ended 30 June 2018.

Principle 2: STRUCTURE THE BOARD TO ADD VALUE

Invion has a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

2.1 Nomination and Remuneration Committee

The Board has established a nomination and remuneration committee to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on issues of nomination and remuneration. The committee currently consists of independent, non-executive director Dr James Campbell (Chair) and non-independent non-executive director, Mr Thian Chew. The committee charter is available from page 17 of the Corporate Governance Charter.

The annual remuneration report contains details on remuneration policy and remuneration of the Group's key management personnel and its relationship to performance in the year under review. The remuneration report clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and other key management. Shareholders are invited to vote on the adoption of the remuneration report at the Company's Annual General Meeting of Shareholders.

2.2 Board skills matrix

The Board considers that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to discharge their responsibilities and duties under the law effectively and efficiently. Directors should also understand the Invion business and the environment in which Invion operates so as to be able to agree with management on the objectives, goals and strategic direction which will maximise shareholder value, and assess the performance of management in meeting those objectives and goals.

The Board strives to achieve diversity in its composition. The current directors collectively bring to the Board a broad range of experience, expertise, skills, diversity and contacts relevant to Invion and its business. The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board.

Skills, experience and expertise	
– ASX listed company experience	– CEO level experience
– Biotechnology and pharmaceutical sector	– Commercial partnering, M&A
– Governance	– Regulatory
– Financial acumen	– Scientific and medical research expertise

2.3 Composition of Board

Name of Director	Term in Office
Mr Thian Chew	Chairman, appointed to the Board 1 December 2017
Greg Collier PhD	MD & CEO, appointed to the Board 6 May 2013
Mitchell Glass M.D.	EVP R&D and CMO, appointed to the Board 31 August 2012
James Campbell PhD MBA	Appointed to the Board 26 February 2012

2.4 Independence of the Board

The Board keeps the balance of skills and experience of its members, as well as their independence, under review. As at the date of this statement, the Board considers Dr James Campbell to be an independent director. Dr Greg Collier and Dr Mitchell Glass are executive directors and as such are not deemed to be independent by the definition detailed in the Company's corporate governance charter. Mr Thian Chew is not deemed to be independent by virtue of a consultancy agreement he has with The Cho Group, whereby Mr Chew has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion. The Board has previously comprised a majority of independent directors, and, give the nature and size of current operations, has decided not to replace directors who retired in the current and previous period.

2.5 Independence of the Chair

The Board recognises the value and importance of an independent chair. Mr Thian Chew was appointed non-executive director and Chairman on 1 December 2017. As above, Mr Chew is not deemed to be independent by virtue of a consultancy agreement he has with The Cho Group whereby Mr Chew has agreed to provide general advice and support for The Cho Group's interests in its investment in Invion.

2.6 Program for induction and training of directors

It is the policy of the Board that, both before accepting appointment and continuously thereafter, directors are provided with information about the Group appropriate for them to discharge their responsibilities. To help directors maintain their understanding of the business, directors have access to the members of the management team and also to employees at all levels. Directors are given access to continuing education in relation to the Company's business and industry, and other information required by them to discharge their responsibilities. With approval from the chair, which will not be unreasonably withheld or delayed, each director may seek independent legal or other professional advice at the Company's expense.

Principle 3 – ACT ETHICALLY AND RESPONSIBLY

Invion promotes ethical and responsible decision making.

3.1 Codes of conduct

The underlying principle of the Board's code of conduct is that Invion has a commitment not only to complying with its legal obligations but also to acting ethically and responsibly, and that ethical behaviour is required of directors, executives and employees of the Group, as well as of advisors and consultants to the Group.

The Board has adopted specific policies in key areas, including diversity, continuous disclosure and dealing with price sensitive information, dealing in the securities of Invion, and whistleblower protection.

The Board has also adopted a Corporate Governance Charter. The Group's employees are required to sign in confirmation that they agree to adhere to the Group's conduct policy. Invion employees are encouraged to report breaches of conduct on a confidential basis. The Group's Whistleblower Protection Policy provides that an employee will not be subject to retaliation by the Group for reporting in good faith a possible violation of the code of conduct.

Principle 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Invion has a structure to independently verify and safeguard the integrity of the Group's financial reporting.

4.1 Audit Committee

The Board has established an audit and risk management committee, the members of which are independent non-executive director Dr James Campbell (Chair) and non-independent non-executive director Mr Thian Chew.

The objectives of the audit and risk management committee are to assist the Board in fulfilling its responsibilities in regard to financial reporting, audit and risk management, including ensuring the integrity of Invion's financial reporting; compliance with legal and regulatory obligations; ensuring the effectiveness of Invion's risk management and internal control framework; and oversight of the independence of the external auditors. The charter of the audit and risk management committee is available from page 13 of the Corporate Governance Charter. The external audit firm partner in charge of Invion's audit attends committee meetings by invitation, together with relevant senior managers.

In the period under review the Committee met formally on three occasions.

4.2 CEO and CFO declarations

The CEO and the persons performing the CFO function sign a statement to the yearly and half-yearly accounts to the effect that Invion's financial reports have been properly maintained, present a true and fair view, in all material respects, of the Group's financial conditions and operational results, are in accordance with relevant accounting standards, and are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

4.3 Role of the external auditor

The Company's external auditor is Ernst & Young. Ernst & Young provided an independence declaration to the Board for the financial year ended 30 June 2018, which forms part of the directors' report and is available on page 53 of the Financial Report for the year ended 30 June 2018. The lead audit partner of Ernst & Young attends the company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Invion promotes timely and balanced disclosure of all material matters concerning the Company.

5.1 Continuous Disclosure

Invion believes that all stakeholders should be informed of all major business events and risks that influence the Group, in a factual and timely manner. Invion's practice of providing relevant and timely information is supported by its Continuous Disclosure Policy which details comprehensive processes to ensure compliance with the Corporations Act and ASX Listing Rules.

Specifically, Invion's Continuous Disclosure Policy outlines the procedure for identifying information that is or may be price sensitive information, and for reporting that information to the Chair/ CEO/ Company Secretary for review. It also provides a framework and guidance, including practical application of the rules under the Corporations Act and ASX Listing Rules, to ensure that Invion achieves consistently high standards in complying with its continuous disclosure obligations.

Under this policy all price-sensitive material for public announcement will be lodged with ASX and subsequently posted on Invion's website. The Company Secretary is responsible for communications with the ASX.

Principle 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

Invion respects the rights of security holders and facilitates the effective exercise of those rights.

6.1 Information made available on the Company's website

The Board is committed to communicating effectively and transparently with shareholders about the Group's performance and results. In addition to its formal disclosure obligations under ASX Listing Rules and the Corporations Act, the Company utilises current technologies to facilitate open and continual communications with security holders and the market in general.

Invion's web address is www.inviongroup.com at which investors and interested parties can access an overview of Invion's business, key information about Invion's assets and core programs, a link to Invion's company page at ASX, all media and disclosure announcements, corporate presentations, interviews, annual and financial reports, as well as company contact details. Invion also has a dedicated corporate governance page on its website at which supplements the communication to security holders in the half-yearly and annual reports.

6.2 Investor relations program

To ensure that security holders and other stakeholders have a full understanding of Invion's performance and strategies, and to help ensure effective two-way communication with investors, Invion has designed and implemented an investor and public relations program which includes company-to-investor e-communications, investor presentations and roadshows, analyst briefings, and targeted conference presentations and speaking events.

These updates provide an opportunity for investors and analysts to speak directly with, and ask questions of, senior management. Invion keeps summary records for internal use of issues discussed at group and one-on-one briefings for investors and analysts.

6.3 Facilitate shareholder participation at general meetings

General meetings are an important forum for two-way communication between Invion and its shareholders. Shareholders can elect to receive emails with the latest investor announcements, investor presentations and webcasts, annual reports, as well as general meeting information, including notices of meeting and explanatory memorandums.

Invion provides an electronic voting facility which enables all security holders to vote ahead of the meeting, without having to attend or appoint a proxy.

Invion affords all shareholders the opportunity exercise their right to ask questions about, or make comments on, the management of the Company, including those shareholders who are unable to attend a meeting in person, in which case questions can be lodged in advance of the meeting to be responded to at the meeting.

6.4 Electronic communications

Invion provides security holders the option to electronically receive communications from, and send communications to, the Company and its share registry, Link Market Services.

Principle 7 - RECOGNISE AND MANAGE RISK

Invion has a sound system of risk oversight and management and internal control.

7.1 Risk committee

As noted under 4.1, the Board has established an audit and risk management committee the members of which are independent non-executive director Dr James Campbell (Chair) and non-independent non-executive director Mr Thian Chew.

The objectives of the audit and risk management committee are to assist the Board in fulfilling its responsibilities in regard to financial reporting, audit and risk management, including ensuring the integrity of Invion's financial reporting; compliance with legal and regulatory obligations; ensuring the effectiveness of Invion's risk management and internal control framework; and oversight of the independence of the external auditors. The charter of the audit and risk management committee is available from page 13 of the Corporate Governance Charter. The external audit firm partner in charge of Invion's audit attends committee meetings by invitation, together with relevant senior managers.

In the period under review the Committee met formally on two occasions. Both meetings were attended by all three committee members.

7.2 Risk management framework

Invion's risk management framework identifies key risks to the Invion Group's strategic goals – which include funding, clinical trial, partnering, regulatory, delay and competition risk - and outlines ways to mitigate, transfer or avoid these risks where applicable.

The Board has mechanisms in place to ensure that management's objectives and activities are aligned with identified risks. These include Board review of business strategy, the implementation of Board-approved operating plans and budgets, and Board monitoring of progress against these plans budgets.

Given the nature of operations, review of risks facing the business is an active and continual process.

7.3 Internal audit

Given the size and nature of Invion's activities, the Company does not have a formal delegated internal audit function. However department heads maintain a close overview of key company activities and will call for an internal review or audit of one or more activities at any relevant time. Invion liaises with its external auditor to help maintain awareness of current best practice in internal controls, and actions relevant changes on at least a semi-annual basis.

7.4 Material exposure to economic, environmental or social sustainability risk

Economic risk: In common with other companies in the biotechnology sector, Invion's operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation. In particular, in order for Invion to execute its near term and longer term plans, the Board may be required to raise capital sufficient enough to meet operational and program development needs. These conditions of uncertainty and the need to raise further capital give rise to significant uncertainty as to whether the Group will be able to continue as a going concern and be able to pay its debts as and when they fall due.

Invion does not have any material exposure to environmental or social sustainability risks.

Principle 8 - REMUNERATE FAIRLY AND RESPONSIBLY

Invion seeks to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

8.1 Remuneration Committee

The Board has established a nomination and remuneration committee to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on issues of nomination and remuneration. The members of the Committee are independent non-executive director, Dr James Campbell (Chair) and non-independent non-executive director, Mr Thian Chew.

The charter of the nomination and remuneration committee is available from page 17 of the Corporate Governance Charter.

There were no formal meetings of the Committee in the period.

8.2 Disclosure of policies and practices regarding remuneration

Invion's annual remuneration report (audited) contains details on remuneration policy as well as the remuneration of Invion's key management personnel and its relationship to performance in the year under review.

The remuneration report clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and other senior managers. These policies can be found from page 13 of the Financial Report for the year ended 30 June 2018. Shareholders are invited to vote on the adoption of the report at Invion's AGM.

8.3 Equity-based remuneration: no hedging or otherwise limiting economic risk

The objectives of Invion's long-term incentive plan (equity based remuneration) are to incentivise key management personnel and employees in a manner that rewards continued commitment and loyalty while aligning remuneration with the creation of shareholder wealth.

Invion does not condone short term or speculative trading in its securities by directors and employees, and Invion's Securities Trading Policy specifies that, except with written clearance as defined in the policy, directors and/or key management personnel must not engage in hedging arrangements, deal in derivatives or enter into other arrangements which limit the economic risk in connection with Invion securities.

Key documents relevant to this Corporate Governance Statement

Invion Limited Corporate Governance Charter: http://inviongroup.com/wp-content/uploads/2012/09/Invion-Limited_Corporate-Governance-Charter_May-2013.pdf

Invion Limited Securities Trading Policy: http://inviongroup.com/wp-content/uploads/2012/09/Invion-Limited_Securities-Trading-Policy_May-2013.pdf

Invion Limited Financial Report for the year ended 30 June 2018: http://inviongroup.com/wp-content/uploads/2018/08/Financial-Report-for-30-June-18_signed_with-4E.pdf

ASX Corporate Governance Principles and Recommendations (3rd Edition): http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf