

**Contango Income Generator Limited**  
**ABN 40 160 959 991**

# **CORPORATE GOVERNANCE STATEMENT**

**August 2015**

## Corporate Governance

The Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate governance environment.

The Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (ASX Recommendations) articulate a number of core principles and associated recommendations that the ASX Corporate Governance Council believes underlie good corporate governance.

The Board generally endorses the ASX Recommendations and has considered the ASX Recommendations in determining an appropriate system of control and accountability, commensurate with these guidelines, to best fit its business and operations.

The Company will seek to follow the ASX Recommendations and, as required under the ASX Listing Rules. Where the Company determines it would be inappropriate to follow the principles because of its circumstances the Company will provide reasons for not doing so in its annual report, as well as within this policy below.

The Board intends to regularly review its corporate governance procedures and, in particular, their appropriateness in the future given the expected changes in the nature and scale of the Company's operations.

### Corporate Governance Policies

Contango Income Generator Limited ("CIE" or "Company") intends that the following policies and procedures will be implemented by the Company. The policies and procedures will be available on the Company's website prior to the admission of the Company to the Official List of ASX.

#### Board Charter

The Board Charter formalises the functions and responsibilities of the Board. The Board is ultimately responsible for all matters relating to the running of the Company.

The responsibilities of the Board include:

- (a) protection and enhancement of Shareholder value;
- (b) formulation, review and approval of the objectives and strategic direction of the Company;
- (c) review of all investment activities and results;
- (d) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- (e) approving all significant business transactions including acquisitions, divestments and capital expenditure;
- (f) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (g) review of performance and remuneration of Directors;
- (h) review of performance and remuneration of the Investment Manager; and
- (i) the establishment and maintenance of appropriate corporate governance and ethical standards.

#### Code of Conduct

The Code of Conduct for Directors addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The policy outlines its requirements with respect to:

- (a) relationships;
- (b) compliance with laws and ethics;
- (c) conflicts of interest;
- (d) confidentiality;
- (e) use of Company assets; and
- (f) competition.

#### Securities Trading Policy

The Securities Trading Policy sets out the Company's policy with regard to trading in Company securities. The policy applies to all Directors and key management personnel (if any) of the Company and their associates. The policy outlines the policy and procedure for all trading by such persons in the Company's securities, including the restrictions on trading (and the blanket prohibition on insider trading), the additional restrictions on short-term trading, the procedures and permissions required if a Director (or senior employee) wishes to trade and the required notifications to the Company and ASX of any trades in the Company's securities.

#### **Audit Committee Charter**

The Audit Committee Charter outlines the composition of the Committee, its responsibilities (in respect of the financial management, reporting, audit and the risk management systems of the Company), authorities, meeting requirements and reporting procedures.

#### **Continuous Disclosure Policy**

The Continuous Disclosure Policy has been adopted with a view to ensuring that the Company complies with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policy highlights the requirements for immediate notification, the procedure for disclosing material information, the persons responsible for disclosing information and for ensuring compliance generally by the Company with its disclosure obligations.

#### **Security holder Communication Policy**

The Board aims to ensure that Shareholders are informed of all major developments. The Security holder Communication Policy outlines the processes and responsibilities for reports issued to Shareholders, ASX announcements, annual general meetings, the maintenance of the Company website and the process for responding to requests for information. It also includes a process for review of shareholder communications.

#### **Nomination and Remuneration Committee Charter**

The Nomination and Remuneration Committee Charter outlines the composition of the Nomination and Remuneration Committee, its responsibilities (in respect of the structure and composition of the Board and the remuneration policies of the Company), authorities, meeting requirements and reporting procedures.

#### **ASX Recommendations**

Condition 13 of ASX Listing Rule 1.1 provides that the Company must provide a statement disclosing the extent to which it will follow, as at the date of its admission to the Official List of ASX, the ASX Recommendations. If the Company does not intend to follow all the ASX Recommendations on its admission to the Official List of ASX, the Company must identify those recommendations that will not be followed and give reasons for not following them.

The Board is of the view that the Company complies with the ASX Recommendations, except in respect of:

- Recommendation 2.4 (which recommends that a majority of the Board should be independent directors);
- Recommendation 2.5 (which recommends that the chair of the Board should be an independent director);

and the Recommendations made under Principles 2, 4 and 8 relating to the structure and composition of the Board's Audit and Nomination and Remuneration Committees. In each case, the Principles recommend the committees be chaired by an independent director (who is not the Chairman of the Board) and comprise of at least three members, a majority of whom are independent directors.

The size and the current composition of the Company's Board preclude the Company from complying with Principles 2, 4 and 8 relating to the structure and composition of the Board's governance committees. In the immediate future, the Audit Committee is likely to comprise all Board members and the Nomination and Remuneration Committee is likely to comprise all Board members other than Mr George Boubouras, with the respective Committees being chaired by the sole independent Director, Mr Clarke.

On the issue of independence, having regard to the indicators of independence set out in Box 2.3 of the ASX Recommendations, Mr Ian Ferres (Chairman) and Mr Mark Kerr (Director) are not independent directors by virtue of their appointments as directors of CTN, which at the date of this Prospectus is the sole shareholder in the Company. Mr George Boubouras (Director) is not an independent director by virtue of his appointment as an executive of CTN.

Despite the fact that Don Clarke has until his retirement on 30 June 2015 been a long-standing partner of the law firm Minter Ellison and that Minter Ellison has acted as the Company's Australian legal adviser in relation to the Prospectus and the Offer, the Board considers that Don Clarke is an independent director, free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement; and that he is able to fulfil the role of an independent director for the purposes of the ASX Recommendations.

The Board considers that, having regard to the wealth of experience and knowledge which Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras possess, Mr Ferres is the most suitable person to occupy the position of Chairman of the Company and Mr Kerr and Mr Boubouras, along with Mr Clarke, are each eminently suitable to act as a Director of the Company.

The Board also considers that, having regard to the relationship between CTN and the Company upon the Company's admission to the Official List of ASX, it will be in the best interests of the Company to be guided by the leadership of Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras as this will enable the Company to effectively develop and implement its strategic objectives, particularly in the critical short to medium term phase of the Company. The Board considers that the presence of Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras on the Board will assist in facilitating these objectives.

Further, the Board considers that any perceived independence-related concerns regarding the position of Mr Ferres as Chairman and Mr Kerr and Mr Boubouras as Directors are countered by the presence of Mr Clarke as an experienced independent Director and the Company's adherence with all ASX Recommendations, other than those referred to above.