



GLOBE INTERNATIONAL LIMITED CORPORATE GOVERNANCE STATEMENT 2009

The Company and the Board are committed to demonstrating and achieving the highest standards of corporate governance. This statement outlines the main corporate governance policies and practices of the Company. Unless otherwise stated, the Board considers that its corporate governance policies and practices comply with the specific recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition released in August 2007) ("Principles"), which applied during the reporting period.

A description of the Company's main corporate governance policies is set out below. A copy of this Corporate Governance Statement is available on the Globe corporate website www.globecorporate.com.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Board functions

The composition of the Board is determined in accordance with the Company's Constitution and Board Charter.

The Board operates in accordance with the principles set out in its charter, which establishes the functions reserved for the Board. The Board Charter is published on the Globe corporate website www.globecorporate.com.

A summary of the Board's responsibilities include:

- Providing oversight and strategic direction for the Company.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors.
- Appointing and assessing the performance of the Board.
- Selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and senior management.
- Considering, approving and monitoring risk management strategies and policies.
- Ensuring the Company meets its social and ethical responsibilities.

- Performing the functions otherwise performed by an Audit and Risk Committee, Nomination Committee and Remuneration Committee.

The Board has formally delegated authority and responsibility to management for the day to day operations of the Company, subject to certain authority limits and reporting requirements.

1.2 Senior Executive Functions

Other than those responsibilities specifically reserved for the Board, responsibility for the management of the Company's business activities is delegated to the CEO, who is accountable to the Board. Sub-delegation occurs as follows:

- Senior executives are required to conduct the day-to-day operations of the Company as specified in their Contract of Employment and related job description
- Operations are to be conducted within the framework of approved programs and budgets.
- Senior executives are authorized to conduct activities to the extent of their delegated authority.
- No executive is allowed to approve their personally incurred expenditure.

1.3 Process for evaluating Senior Executive Performance

Senior Executive performance is annually reviewed against a mix of both qualitative and quantitative measures. This includes a comparison of actual achievements during the year against specific performance measures established for each year. These measures are set individually for each Senior Executive depending on the accountabilities of their roles. Quantitative measures are based on the Senior Executive's relevant business unit performance levels. During the year such a review occurred in accordance with the process disclosed above.

2. STRUCTURE OF THE BOARD TO ADD VALUE

2.1 Composition

The Board currently comprises three directors, one of whom is a Non-Executive Director (Paul Isherwood) and two are Executive Directors (Peter Hill and Stephen Hill). Details of the qualifications and experience of the directors and each director's term in office are set out in the Directors' Report.

Recommendation 2.1 of the Principles states that a majority of the Board should be comprised of independent directors. The Company's Board composition throughout the year did not meet this recommendation as only Paul Isherwood is considered by the Board to be independent, as he alone satisfies the Board's criteria for director independence outlined below. The Company believes that the composition of the Board is adequate for the Company's current size and operations, as it includes an appropriate mix of skills and expertise relevant to the Company's business.

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- Not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years, not have been employed in an executive capacity by the Company or any other group member, or been a director after ceasing to hold any such employment;
- Within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other group member, or been an employee materially associated with the service provided;

- Not be a material supplier or customer of the Company or any other group member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Have no material contractual relationship with the Company or a controlled entity other than as a director of the group; and
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both qualitative and quantitative bases. An amount of over 5% of annual turnover of the Company or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may affect the shareholders' understanding of the director's performance.

Consistent with these principles, Peter Hill and Stephen Hill are not regarded as independent directors, as they are substantial shareholders of the Company. However, the Board believes those directors bring a wealth of relevant industry experience to the Company, particularly as they were also founders of the Company. Furthermore, as substantial shareholders they have a strong incentive to ensure their judgement is not clouded in Board deliberations, as the outcome (indirectly) impacts on them as much as, or more than, most other shareholders.

The two non-independent directors generally do not undertake activities personally that would be in conflict with, or substantially the same as, those of the Company. The Board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests that may arise from time to time. Whenever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- The interest is fully disclosed and the disclosure is recorded in the Board minutes.
- The relevant director is excluded from all consideration of the matter by the Board.
- If considered warranted, the Board may obtain independent professional advice regarding such matters at the Company's expense.

The Company does not have a formal policy in relation to the selection, nomination and appointment and reappointment of directors due to the size and operations of the Company and the small size of the Board. As and when the need arises for the appointment of a director, the Board takes into account various criteria such as the relevant skills, qualifications and experience of the incumbent directors and the needs of the Board. Nomination for reappointment is not automatic. Prior to making a decision to nominate a director for re-appointment, the skills, qualifications, experience and contribution of incumbent directors are assessed in light of the needs of the Company.

2.2 Chairman

The Chairman of the Board, Paul Isherwood, is an independent director. The composition of the Board is considered adequate for the Company's current size and operations, as it includes an appropriate mix of skills and expertise relevant to the Company's business.

2.3 Roles of the Chairman and CEO

The role of CEO is held by Matt Hill. The roles of the Chairman and the CEO are not exercised by the same individual.

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their roles and responsibilities and facilitating Board discussions and managing the Board's relationship with the Company's senior management.

The CEO is responsible for managing the group, including implementing group strategies and policies approved by the Board.

2.4 Nomination Committee

The Company does not have a Nomination Committee. The Board considers that the size and level of operations of the Company and the small size of the Board is not sufficient to warrant such a separate Committee.

In the absence of a Nomination Committee, the full Board conduct the functions and consider the issues that would otherwise be considered by a Nomination Committee, such as the appointment and re-election of directors and Board succession matters.

2.5 Process for evaluating the performance of the Board and individual Directors

There is no independent review of the conduct and performance of each director. As the Board no longer has any Board Committees, there are also no annual reviews of Committee performance.

The Board undertakes an informal annual assessment of its collective performance and the performance of the Chairman. The results and action plans, if any, are included in the Board minutes. The last Board self assessment was conducted in October 2008 in accordance with the informal process discussed above.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of conduct

The Company has adopted a code of conduct to guide the Company as to:

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

The Code of Conduct requires everyone who works for the Company and acts on its behalf to observe the highest standard of conduct and ethical behavior. A copy of the corporate code of conduct can be viewed on the Globe corporate website www.globecorporate.com.

3.2 Policy concerning trading in Company securities

The Company has in place a formal policy that reinforces to all directors, senior executives and employees of Globe, the prohibition against insider trading and imposes limitations upon dealings in Globe securities. A copy of the policy can be found on the Globe corporate website at www.globecorporate.com.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit Committee

The Company currently has no Audit Committee.

During the year until February 2009, the Company had a Board and Audit Risk Committee ("BARC") to assist in the execution of its duties and to allow detailed consideration of risk management and audit

issues faced by the Board. The BARC consisted of the following Non-Executive Directors:

Richard Alcock (Chairman)
Paul Isherwood

Details of the qualifications of members and attendance at BARC meetings are set in the Directors' Report.

The BARC had its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the BARC is to operate.

A summary of the charter is set out below:

Composition

The BARC comprised two or more independent directors as determined by the Board.

All members of the BARC were required to have a working familiarity with finance and accounting principles and practices, and at least one member of the BARC shall be an audit committee financial expert.

BARC members were appointed for an initial term of three years and could be appointed for a subsequent three year term.

Recommendation 4.3 of the Principles states that the audit committee should be structured so that it consists of at least three members, a majority of whom are independent. The Company did not meet this recommendation during the year when the BARC was in existence, as the BARC comprised only two members (Paul Isherwood and Richard Alcock), both of whom were independent non-executive directors, with substantial experience in the fields of finance, accounting, auditing and law. The breadth of expertise and skills of its BARC members was considered to be more than adequate to allow for a detailed consideration of risk management and audit issues faced by the Company. Additionally, the BARC encouraged the attendance and active participation by the CEO, CFO, Company Secretary and the Company's auditors at all of its meetings.

Responsibilities

The main responsibilities of the BARC were to review the:

- integrity of the Group's financial statements;
- external auditors' qualifications, performance and independence;
- performance of the Group's risk management functions;
- management of the Group's operational risks; and
- compliance with legal and regulatory requirements.

Following the resignation of Richard Alcock, the Board formally dissolved the BARC in February 2009. The Board considers that due to the size of the Company, and its financial affairs and operations, a separate Audit Committee is not appropriate.

In the absence of an Audit Committee, all members of the Board participate in the oversight of corporate reporting. All Board members are considered financially literate and where necessary are provided with appropriate technical financial and industry advice.

As part of the half yearly and annual accounts the CFO reviews with the directors, all issues of relevance in preparing the accounts including the impact of changes in accounting standards and

carrying value of assets.

On an annual basis, directors review management responses to a questionnaire designed to ensure they are informed of all aspects of the financial statements.

Consistent with Recommendation 7 of the Principles, the Company's financial report preparation and approval process, for the financial year ended 30 June 2009, involved both the CEO and CFO giving sign-offs. They have certified to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and group and are in accordance with relevant accounting standards as required by the Corporations Act; and,
- The above statement is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.1.1 External auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. PricewaterhouseCoopers were appointed as the external auditors in 2003.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 29 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Board reviews the performance of the external auditors on an annual basis and if necessary meet separately with the auditors to discuss any matters raised by them in relation to the management of the Company.

The Company's current audit engagement partner was appointed in 2008. Consistent with the *Corporations Act 2001*, the Company requires the rotation of the audit engagement partner every five years or less.

4.2 Structure of Audit Committee

In February 2009 the Company formally dissolved its Audit Committee. Therefore, all matters that might properly be dealt with by an Audit Committee are currently dealt with by the Board as outlined in 4.1 above.

4.3 Audit Committee Charter

The Company currently does not have an Audit Committee Charter as there is no Audit Committee.

4.4 Audit Committee meetings

Details of the number of Audit Committee meetings held during the reporting period are provided on page 19 of the Directors' Report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous disclosure policy

The Company has adopted a comprehensive policy covering continuous disclosure that prescribes practices to ensure compliance with ASX Listing Rules, and particularly continuous disclosure, prevention of selective disclosure and the conduct of external briefings. The policy requires accountability at a senior level for such compliance. The policy is reviewed annually and updated as required. A copy of the continuous disclosure policy is on the Globe corporate website www.globecorporate.com.

The CEO, CFO and the Company Secretary are responsible for communications with the ASX. They must ensure compliance with the continuous disclosure requirements in accordance with the ASX Listing Rules. They must also coordinate information disclosures to analysts, shareholders, the media and the public.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communications policy with shareholders

The Company places considerable importance on effective communications with its shareholders.

As the Company's policy relating to communications with shareholders is already covered under its continuous disclosure policy, the Company does not have a separate formal written policy relating to communications with its shareholders. The Company's communications strategy promotes the communication of information to shareholders through the distribution of the annual and half yearly reports, announcements through the ASX and the media regarding changes in its businesses and the Chairman's address at the annual general meeting.

6.1.1 Electronic Communication

The Company continually reviews opportunities to utilize electronic communication technology to communicate with its shareholders. Shareholders are regularly encouraged to move to paperless communication particularly in relation to the distribution of the annual report and notices of general meeting.

6.1.2 Meetings

The Company usually holds one general meeting of shareholders each year, to apprise shareholders of its operations, financial results and future plans. Shareholders are provided with the opportunity to ask questions of the directors and senior management at the general meeting.

6.1.3 Website

The Company's corporate website is available for access at all times at www.globecorporate.com. The website includes the Corporate Governance Statement and all relevant Company policies and procedures

7. RECOGNISE AND MANAGE RISK

7.1 Policy for the oversight and management of material business risks

Consistent with Recommendation 7 of the Principles, the Company is committed to the identification, oversight, monitoring and management of material business risks associated with its business activities and has established various policies to embed in its management and reporting systems a number of risk management controls. These include:

- a comprehensive annual insurance program;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currency movements (see Note 2 of the Financial Statements);
- annual budgeting and monthly and daily reporting systems which enable the monitoring of progress against performance targets and the evaluation of trends; and
- Directors' financial due diligence questionnaires to management.

This summary of the company's risk management policies is also available on the Globe corporate website : www.globecorporate.com

Management is ultimately responsible to the Board for the group's system of internal control and risk management.

7.2 Management and reporting of material business risks

7.2.1 Risk Management and Internal Control System

The Company has in place a risk management and internal control system. As required by the Board, management has reported to the Board, that the Company's material business risks have been managed effectively.

In relation to its responsibilities, the Board's consideration of the Company's risk management and internal controls includes the following:

- Reviewing risk management and internal control systems required by the Board to be designed and implemented by management to manage the Company's material business risks and making recommendations for enhancements if necessary.
- Monitoring compliance with the Corporations Act 2001, ASX, ASIC and ATO requirements.
- Improving the quality of management and accounting information.
- Overseeing the follow up and rectification by management of deficiencies or breakdown in risk management or internal controls, where necessary.

7.2.2 Internal Audit Function

The Company does not have an internal audit function. The Board believes that the Company's risk management and internal control System is adequate for the Company's current size and operations.

7.2.3 Risk Management Committee

The Company does not have a Risk Management Committee. The functions that would otherwise be performed by a Risk Management Committee are conducted by the Board as a whole.

8. REMUNERATION

8.1 Remuneration Committee

The Company does not have a Remuneration Committee. Due to the Company's current size and operations the Board believes that this function can be performed by the Board as a whole. Accordingly, the Board performs this function by following the remuneration policies and practices outlined in the Company's Remuneration Report contained in the Directors' Report (pages 19 to 27).

This Remuneration Report contains full details of the Company's remuneration policies and practices, including the structure and actual remuneration paid to Non-Executive Directors and key management personnel and other information required by the Principles.

The Company does not have a policy in relation to employees limiting their exposure to unvested entitlements under the Company's equity based remuneration schemes. As the vesting conditions of these entitlements are not subject to market based conditions, it is not necessary for the Company to formulate a policy in this regard.

8.2 Clearly distinguish Non-Executive Directors Remuneration from Executive Directors and Senior Executives

As required by the Principles Non-Executive Directors Remuneration is clearly disclosed separately from that of Executive Directors and Senior Executives. Further information is provided in the Remuneration Report contained in the Directors' Report (pages 19 to 27).

The Company does not provide its directors with any retirement schemes other than contributions to statutory superannuation.