

Thorn Group Limited (ASX:TGA)**3 July 2020**

Corporate Governance Statement

As advised to the ASX on 29 May 2020, Thorn's Corporate Governance Statement for the financial year ended 31 March 2020 is available on Thorn's website:

www.thorn.com.au/site/PDF/ef2588df-51af-4882-9dc9-c6977b5ac798/ThornCorporateGovernanceStatement2020

Thorn's Annual Report and Thorn's Appendix 4G note that the Corporate Governance Statement is available at the above URL link.

For the purposes of ASX Listing Rule 4.7.4, a copy of that Corporate Governance Statement is further attached. The Corporate Governance Statement is accurate and up to date as at 29 May 2020 and has been approved by Thorn's Board.

This release has been authorised by the Company Secretary.

For further information, please contact:

Alexandra Rose
General Counsel & Company Secretary
0407 664 676
company.secretary@thorn.com.au

ABOUT THORN GROUP LIMITED (ASX: TGA, www.thorn.com.au)

Thorn Group is a diversified financial services company providing financial solutions to consumers and businesses. Thorn's consumer leasing business, Radio Rentals (RR Rentlo Reinvented in South Australia), is a leader in the household goods consumer leasing market, operating since 1937. Thorn Business Finance is a provider of leasing and other financial services to small and medium enterprises. Thorn has been listed on the ASX since 2006, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.

THORN GROUP LIMITED AND ITS CONTROLLED ENTITIES ACN 072 507 147 CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

BOARD OF DIRECTORS

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal control, management information system, legal and compliance frameworks. It is also responsible for approving and monitoring financial, regulatory and other reporting.

In order to ensure that the Board functions and responsibilities are clearly identified, the Company has adopted a formal Board Charter.

A copy of the Board Charter is located on the Company's website

www.thorn.com.au/site/about-us/corporate-governance

The Board has delegated responsibility for operation and administration of the Company to the Chief Executive Officer and executive management. Responsibilities are delineated by formal authority delegations.

The Company Secretary is accountable to the Board, through the Chair of the Board, on all matters relating to the proper functioning of the Board.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Risk & Compliance Committee and a Remuneration & Nomination Committee and such other ad hoc committees as are deemed necessary to discharge the responsibilities of the Board. These committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has also established a framework for the management of the Company including a system of internal control, an enterprise risk management framework and the establishment of appropriate ethical standards.

The full Board holds a number of scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. The Board Charter requires the full Board to meet at least once per year to review the performance of the directors, committees, and senior executives, as well as, the relationship between the Board and management and matters of general corporate governance.

The agenda for Board meetings is prepared in conjunction with the Chair, the Chief Executive Officer and the Company Secretary. Standing items include business performance and operations, strategic matters, governance and policy, and continuous disclosure. Submissions are circulated in advance. Executives are regularly involved in Board discussions and directors have other opportunities, including visits to the Company's business operations, for contact with a wider group of employees.

Director and Executive Education

The Company has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy, the culture and values of the Company, and the expectations of the Company concerning performance of directors. In addition, Directors are also educated regarding meeting arrangements and director interaction with each other, senior executives and other stakeholders. Directors also have the opportunity to visit the Company's office and meet with management to gain a better understanding of business operations.

Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each director has the right of access to all relevant Company information and to the Company’s executives and, subject to prior consultation with the Chair, may seek independent professional advice from a suitably qualified advisor at the Company’s expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chair’s approval of the fee payable for the advice before proceeding with consultation. A copy of the advice received by the director is made available to all other members of the Board.

Composition of the Board

The names of the directors of the Company in office at the date of this report, specifying which are independent, are set out in the directors’ report. The composition of the Board is determined using the following principles:

- a minimum of three directors, with a broad range of expertise both nationally and internationally;
- a number of independent non-executive directors;
- a majority of directors having extensive knowledge of the Company’s industries, and/or extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies;
- directors are subject to re-election every three years.

The Board considers the mix of skills and diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential directors’ skills to ensure they have appropriate industry expertise in the Company’s operating segments.

BOARD PERFORMANCE & BOARD SKILLS MATRIX

Board Performance

The performance of the Board was not formally

evaluated during the financial year due to the changes in the composition of the Board. The Board considers that it would be more appropriate for this to take place in the current year.

Board Skills

The Directors have been appointed by assessing their range of personal and professional experiences, skills and expertise. The Board seeks to achieve an appropriate mix of skills, diversity and tenures, including a significant understanding of the sectors in which Thorn operates, including any future strategic directions, as well as corporate management and operational, financial and regulatory matters.

The Board Skills Matrix has been developed on the basis of identifying the most important values that each director believes he/she specifically contributes to the Board. The Matrix is intended to provide information to investors as to the range of skills and experience that the Board believes are necessary to address changes to the business and governance issues. The criteria used to determine the skills needed are based on the evolving nature of the business matched to the level of experience that each Director has brought to the Company.

The current Directors contribute the skills and experience in the following categories, identified for Thorn as important to drive shareholder value and to address the issues affecting the Company:

Category of skills and experience [Number of Directors – 4 Non-Executive Directors]	Number of Directors with strong skills in this
Board & Governance	2
Operations Management	2
Financial Acumen e.g. Accounting, Finance, Capital Management, Debt funding, M & A	4
Financial Services	2
HR Management/Remuneration e.g. Culture, Diversity, Talent	2
Information Technology	2
Legal/Regulatory /Risk Management	2
Strategy	3

On a collective basis, the Directors have the range of skills, knowledge and experience necessary to direct the Company. The core strengths are seen as being in Strategy, Operations Management and Board & Governance. In all categories, the Directors have

experience and a reasonable level of knowledge to be able to contribute to the Board on a broad range of matters.

The Board Skills Matrix is reviewed on an annual basis with further reference to the skills and experience required when a new Director is being sought and appointed.

Independence

The Board has adopted the CGC's recommended criteria for assessing Directors' Independence and by applying the criteria, the Board is satisfied that Paul Oneile and Kent Bird are independent directors.

The Board recognises the CGC's recommendation that the Chair should be an independent director. Mr Warren McLeland, the Chair of the Board, is not an independent director and the Board does not currently comprise a majority of independent directors. The Board believes that Mr McLeland is the most appropriate person to lead the Board as Chair and that he is able to bring quality independent judgement to all relevant issues falling within the scope of the role of Chair and that the Company, as a whole, benefits from his long standing business experience.

The Board considers that its current composition is appropriate for the size and scale of the Company and its activities.

The Company has in place with each Director a written agreement which sets out the terms of their appointment.

REMUNERATION & NOMINATION COMMITTEE

The Remuneration & Nomination Committee has a documented charter, approved by the Board.

The Remuneration & Nomination Committee assists the Board in its oversight responsibilities by monitoring and advising on:

- remuneration packages of senior executives, non-executive directors and executive directors;
- share option schemes and incentive performance packages;
- executive contracts;

- recruitment, retention and termination policies relating to the Board and senior executives; and
- monitoring the size and composition of the Board.

The Remuneration & Nomination Committee met twice during the 2019-2020 financial year and Committee members and their respective meeting attendances are set out in the Directors' Report.

The Board recognises the CGC's recommendation that the Remuneration & Nomination Committee should consist of a majority of independent directors. The Committee is not comprised of a majority of independent directors. The Chair is an independent director.

The Chief Executive Officer is invited to Remuneration and Nomination Committee meetings, as required, to discuss senior executives' performance and remuneration packages but does not attend meetings involving matters pertaining to himself.

From time to time, the Committee takes advice from external consultants to identify potential candidates for the Board. The Committee makes recommendations to the Board on the candidates, which votes on them. The Board then appoints the most suitable candidates. Board candidates must stand for election at the general meeting of shareholders immediately following their appointment.

The Committee met regularly during the year and Committee members' attendance record is disclosed in the table of directors' meetings in the Directors' Report.

The Remuneration Report (contained with the Directors' Report) contains a description of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current year. The Remuneration Report also sets out executive contractual arrangements

AUDIT COMMITTEE

The Audit Committee advises the Board on internal control and appropriate ethical standards for the management of the Company.

The Audit Committee met three times during 2019-

2020 financial year and attendance by the Committee members are set out in the Directors' Report in our 2020 Annual Report.

The Board recognises the CGC's recommendation that the Audit Committee should consist of a majority of independent directors. The Audit Committee is not comprised of a majority of independent directors. All members of the Audit Committee are non-executive directors. The Chair is an independent director and is not the Chair of the Board.

The responsibilities of the Audit Committee include:

- reviewing the annual and half year financial reports and other financial information distributed externally;
- assessing management processes supporting external reporting;
- assessing the performance and objectivity of the internal audit function;
- establishing procedures for selecting, appointing and if necessary, removing the external auditor or internal audit co-sourcing provider;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001; and
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The General Counsel / General Manager Risk & Compliance acts as Secretary to the Committee.

The internal and external auditors, the Chief Executive Officer, the Chief Financial Officer, the General Counsel / General Manager Risk & Compliance are invited to Audit Committee

meetings at the discretion of the Committee.

The Company's external auditor meets with the Audit Committee without management being present.

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board that the financial records of the Company and the consolidated entity for the financial year have been properly maintained, the Company's financial reports for the financial year ended 31 March 2020 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgment with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half-year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the external audit, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report

prior to lodgment with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;

- review the draft annual and half-year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the external audit, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

RISK & COMPLIANCE COMMITTEE

The Risk & Compliance Committee advises the Board on the establishment and maintenance of a framework of risk management for the Company. The identification and effective management of risk is viewed as an essential part of the approach of the Company to creating long-term shareholder value.

The Risk & Compliance Committee met four times during the 2019-2020 financial year and the Committee members and their respective meeting attendances are set out in the Directors' Report.

The Board recognises the CGC's recommendation that the Chair should be an independent director and that the Risk & Compliance Committee should consist of a majority of independent directors. The Risk & Compliance Committee is not comprised of a majority of independent directors and is not chaired by an independent director.

The responsibilities of the Risk & Compliance Committee include:

- overseeing Thorn's risk management framework, including appropriate risk policies and mitigation plans for managing material risks;
- assist in setting the risk appetite for Thorn Group's operations;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- review and monitor Thorn's WHS program;
- other compliance management

framework, including compliance with legal requirements; and

- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The General Counsel / General Manager Risk & Compliance acts as Secretary to the Committee.

The Chief Executive Officer, the Chief Financial Officer, the General Counsel / General Manager of Risk & Compliance are invited to Risk & Compliance Committee meetings at the discretion of the Committee.

The Committee met regularly during the year and Committee members' attendance record is disclosed in the table of directors' meetings in the Directors' Report.

RISK MANAGEMENT

Oversight of the Risk Management Framework

The Board oversees the establishment, implementation and review of the Company's Risk Management Framework. Management has established and implemented the Risk Management Framework for assessing, monitoring and managing material business risks, for the consolidated entity. The General Counsel / General Manager of Risk & Compliance is responsible for Thorn's Risk, Compliance and Internal Audit function.

The Risk & Compliance Committee reviewed Thorn's risk management framework during the financial year and it is satisfied that it is sound.

Risk Profile

Thorn's General Counsel / General Manager Risk & Compliance provides the risk profile to the relevant Committee that outlines the material business risks to Thorn. Risk reporting includes the status of risks through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. The relevant Committee reports the status of material business risks to the Board on a regular basis.

Material business risks for the Company include credit risk, operational risks (including workplace health and safety risks), financial risks (interest rate movements,

liquidity and capital), strategic risk, legal and compliance risk, regulatory risk and culture and conduct risk.

Risk Management, Compliance and Control

The Company strives to ensure that its products and services are of the highest standard. The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude errors and irregularities.

Quality and Integrity of Personnel

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management. A formal succession plan is in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur.

Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have provided assurance in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets and forecasts for the year are prepared regularly.

Economic, Environmental and social sustainability risks

The consolidated entity's operations are not subject to significant environmental regulations under either Commonwealth or State legislation. The Directors are of the belief that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any of those environmental requirements as they apply to the consolidated entity. There is no material exposure to economic, environmental and social sustainability risks.

Internal Audit

The internal audit function assists the Board in ensuring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the risks and controls throughout the Thorn Group. The results of internal audits are reported on a regular basis to the Board.

Conflicts of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest. Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of direct or related entity transactions with the Company and the consolidated entity are set out in note 20 to the financial statements.

Mission and Values Statement, Code of Conduct and Whistleblower Policy

All directors, managers and employees are expected to act with integrity and objectivity, constantly striving to improve the reputation and performance of the Company and consolidated entity.

A Mission and Values Statement communicates the core Company values and objectives, and promote ethical and responsible decision making. The Mission and Values Statement is reviewed by the Board.

The Code of Conduct, underpinned by our values, covers issues such as delivering shareholder value, managing conflicts of interest, confidentiality, fair and honest dealings, workplace health and safety, equal opportunity and compliance with laws. The Code of Conduct, under Business Integrity, provides "We will not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting our business."

The Company has advised each director, manager and employee that they must comply with the Code of Conduct. There are also processes in place to continually promote and communicate our values to

employees.

The Code encourages the reporting of unethical behaviour. The Company has a Whistleblower Policy and a confidential whistleblowing service which provides staff with an avenue to report suspected unethical, illegal or improper behaviour.

The Board recognises the CGC's recommendation that a listed entity have and disclose an anti-bribery and corruption policy; this is noted in Thorn's Code of Conduct Policy, which states under Business Integrity, section 1.6 that "We will not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting our business.

Securities Dealing Policy

The Company and the consolidated entity has a Securities Dealing policy, which sets out the circumstances under which directors, senior executives, and employees of the Company and the consolidated entity may deal in securities with the objective that no director, senior executive or other employee will contravene the requirements of the Corporations Act 2001 or the ASX Listing Rules.

The policy outlines the approved trading window for the Company as the six week period commencing 24 hours after the announcements of the Company's half yearly or annual financial results to ASX, but subject to any additional restriction that the Company may put in place during that period, and any other period designated by the Board.

Diversity and Inclusion Policy

The Board has established a policy regarding gender, age, ethnic and cultural diversity. The policy is located on the Company's website.

The Board recognises the CGC's recommendation that a listed entity have and disclose an anti-bribery and corruption policy

COMMUNICATION WITH SHAREHOLDERS

The Board provides shareholders with information using a Continuous Disclosure and Communications Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX,

posting them on the Company's website and issuing media releases. The Continuous Disclosure and Communications Policy is available on the Company's website.

In summary, the Continuous Disclosure and Communications policy operates as follows:

- the policy identifies information that needs to be disclosed;
- the Chief Executive Officer, the Chief Financial Officer and the General Counsel & Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board;
- the General Counsel & Company Secretary is responsible for all communications with the ASX;
- the full annual report provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy or not to receive the document), including relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and details of future developments;
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report is lodged with the ASX;
- proposed major changes in the consolidated entity which may impact the share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- the external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the

audit.

The Company provides information to shareholders via the Company's website, which has links to recent Company announcements and past annual reports, results presentations and various ASX pages, including the current share price.

Shareholders can send communications electronically to the Company's security registry, Computershare Investor Services Pty Ltd.

Relevant details are found on our website.
www.thorn.com.au/site/investor-information/shareholder-services

The Board supports full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the Remuneration Report and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

The Corporate Governance Statement is accurate and up to date as at 29 May 2020 and has been approved by the Board.